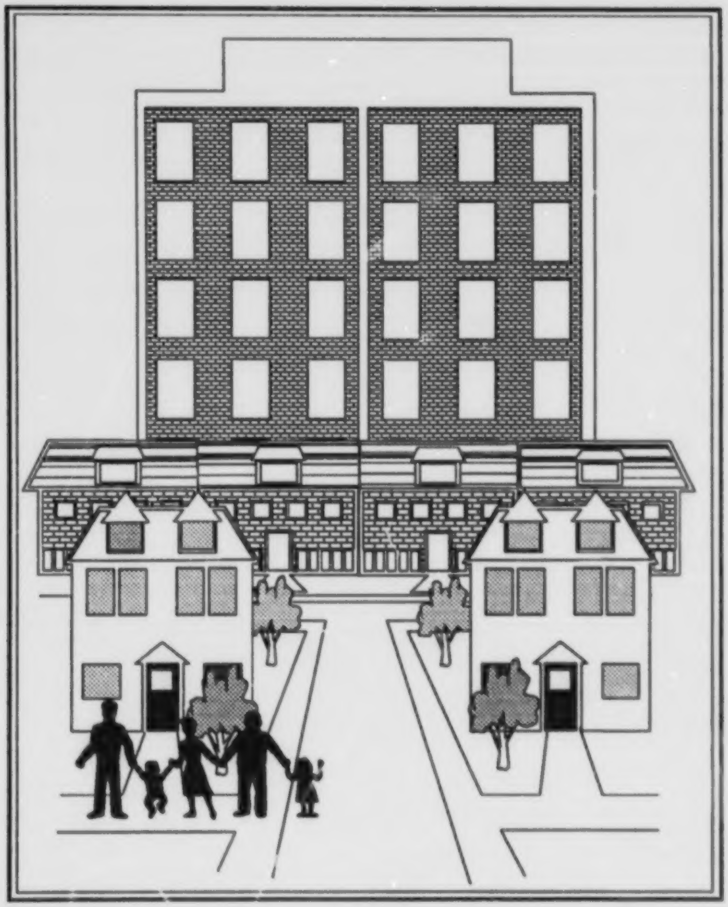

Regional Chairman's Task Force on Affordable Housing

Final Report
Volume 2:
Extended Background Papers

July 16, 1991

Regional Municipality of Hamilton-Wentworth

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REGIONAL CHAIRMAN'S
TASK FORCE ON AFFORDABLE HOUSING

FINAL REPORT

VOLUME 2: EXTENDED BACKGROUND PAPERS

July 16, 1991

Regional Municipality of Hamilton-Wentworth

EXTENDED BACKGROUND PAPERS

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SETTING THE POLICY ENVIRONMENT: EXTENDED BACKGROUND PAPER

VARIETY AND MIX

The Goal of 25% Affordable Housing

The Task Force believes that it is the responsibility of the Region, in cooperation with the Area Municipalities, to ensure that opportunities for the construction and provision of affordable housing are available in all urban and rural planning units/neighbourhoods in the Region, both existing and future, subject to servicing availability. If the Region is to meet this responsibility, the Task Force recommends that the 25% Provincial target for affordable housing should be included as a goal in the Regional Official Plan. Only in this way can affordable housing begin to be a "right" for every resident of the Region, as the Task Force Guiding Principles state it should be. The following policies can create the opportunity for this goal to be met.

A Policy on Density Targets

With the high costs of land, one specific way to facilitate the development of low cost housing and to achieve the goal of 25% affordable housing is to provide policy directives for the development of higher densities, assuming that smaller lot sizes and buildings lower construction costs and eventual selling prices.

Research prepared under the direction of the Task Force reveals that almost 26% of households in the Region could probably not afford to buy an average starter home ($130,000) in the Hamilton CMA. Although just over one half of this group probably needs assisted housing, the remainder have an income level that allows them to compete in the rental market but not to enter the home ownership market. There is thus an obvious need for smaller, low cost affordable housing. This housing could be generated by a policy that seeks to ensure an adequate supply of land is designated for medium to high density residential development and that adopts as the current guideline the Regional Housing Statement Update recommended target that at least 45% of all new development be medium or high density, subject to adequacy and availability of servicing.

The Task Force also feels, in keeping with its Guiding Principle advocating sustainable development, that the continued emphasis on the development of large lot single detached housing developments is an unsustainable approach to land use. This type of development makes inefficient use of land, municipal services, and promotes increased use of private motor vehicles rather than the use of public transportation. Innovative medium and high density developments (which can include a whole range of housing types including town homes, walk up apartments, and high rises) could thus provide opportunity for sustainable growth along with opportunity for affordable housing.

A Policy on Land Redesignation

As a method of ensuring that Regional housing goals and density targets are met, the Task Force recommends that a policy should be adopted that only permits land redesignation if both these things are addressed by the applicant for such redesignation.

A Policy on Intensification

There is a large potential for housing development through home sharing, conversion, infill and redevelopment, all forms of housing intensification (the increase in the number of housing units in a built urban area). Such development is essential because new residential development alone cannot address the full range of housing need in the Region. New development is only a small segment of the housing market and has tended to target the higher end of the market. New housing is also often necessarily expensive because of the costs of construction, land and new infrastructure services. Housing created through intensification can provide an increase in the number of affordable housing options plus ensure that already developed land and existing housing stock are used to their fullest potential.

The Task Force believes that providing policy support and generating awareness of these intensification opportunities is fundamental to encouraging this type of development, and to encouraging the affordable units that can be produced in this way. This policy perspective also supports the principle of sustainable development.

Home sharing is described in detail in the "Offering Assistance: Extended Background Paper".

Conversion refers to the creation of one or more residential units within an existing structure, either by adding an accessory apartment to an existing house by changing the interior of a building to accommodate more units, or by adding vertically or horizontally to the building to increase the number of dwelling units. Conversion can also include the adaptation of non-residential buildings to residential purposes.

Conversion has historically been a means of adapting housing in response to changes in the social, economic and demographic character of the population. Necessarily rough estimates of the numbers of home conversions in Hamilton-Wentworth range from 8,000 to 12,000. This means that between 15 to 20% of all households that rent in the Region live in converted units. Until the adoption of zoning by-laws in the 1950's, conversions were permitted throughout the Region. Today the by-laws in every Area Municipality are very restrictive and only permit home conversions in selected areas.

The Housing Intensification Study prepared by the City of Hamilton suggests that approximately 6% of home owners would be willing to convert their dwellings into two units, suggesting an additional 5,000 to 10,000 rental units could be created through home conversions, and indicating another reason for the recommended policy change advocating these conversions. Permitting greater flexibility in by-laws regarding home conversions is the implementation method for this recommended policy change, and this is explored in the set of recommendations in category 2.0.

Infill refers to the building of usually small to medium-sized housing in existing built residential areas on vacant or underutilized parcels of land. Examples of infill range from building on a vacant lot, to constructing a small detached unit in a backyard, or constructing a multi-unit dwelling. The number of dwellings that could be created through infill is difficult to estimate. The Vacant Residential Land Inventory identifies approximately 50 hectares of vacant land in the built areas of Lower Hamilton that are currently zoned for residential development, and although only a rough estimate, this suggests there is potential for new development through infill.

Redevelopment is defined as the replacement of non-residential uses or lower density housing with higher density residential or mixed uses. Redevelopment may also involve the development of residential units on vacant or underutilized non-residential areas. The greatest potential for redevelopment is in the Central area of Hamilton where the development densities are higher.

Although the number of units that can be created through redevelopment cannot be accurately estimated, an indication of the potential can be determined by identifying the number of parking lots in the central area that are zoned for mixed commercial-residential (CR) uses. Approximately 15 acres of parking lots are zoned CR-3 and therefore could be redeveloped with no change to the existing zoning by-law.

The Advantages of Intensification

A policy promoting intensification has two general advantages. First, underutilized existing urban land and municipal infrastructure could be used to their fullest potential, and second, the community could benefit from an increase in the supply of rental property and an easing of the housing shortage problem. More specific advantages include the following:

i. Increase in the Supply of Rental and Affordable Housing

A policy promoting intensification could create affordable housing for both owner-occupants and tenants. Although the cost of constructing a home conversion is site-specific, it has been estimated that the building of an accessory apartment can reduce the annual income needs of a home owner by $5,000 to $10,000 (Table 1).

Table 1
Estimated Financial Impact of Home Conversion
(one bedroom unit) for Owner-Occupant

House Price[1]	$130,000	
Monthly Carrying Cost[2]	$1,555	
Annual Income Needed to Own, before Conversion		$62,200
Estimated Cost of Home Conversion - $15,000[3]		
Estimated Additional Monthly Carrying Cost	$300	
New Monthly Carrying Cost	$1,855	
Average Market Rent for 1 bedroom Apartment[4]	$500	
Net Monthly Carrying Cost	$1,355	
Net Monthly Financial Benefit to Home Owner	$200	
Annual Income Needed to Own, with Conversion		$54,200

Note: The provincial Convert-to-Rent program provides a low interest loan of up to $7,000. If utilized this would further reduce the monthly carrying costs and annual income needs of the home owner.

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[1] - Estimated cost of starter home in the Hamilton CMA. CMHC, Canadian Housing Markets.

[2] - assumes a 10% downpayment, mortgage with a 25 year amortization, and interest rate of 13.5%.

[3] - estimate obtained from reports prepared by the City of Kitchener and City of London, Planning and Development Departments.

[4] - estimated cost of average vacant one bedroom apartment. Housing Help Centre, Vacant Rental Market Study.

While a policy developed to encourage conversions cannot guarantee that these newly created units would be affordable (since the rents charged for these units would be determined by the market), there are two indications that the rents charged would most likely be affordable. First, the relatively low cost of providing housing through home conversions suggests these units would be cheaper because the economic pressure or need to charge high rents will be absent. Second, a policy promoting home conversions should help increase the supply of rental units and therefore reduce the pressure in the market and possibly reduce the market rents charged.

Encouraging intensification is also one method available for increasing the supply of new non-profit rental units. For example, non-profit housing providers often undertake infill or redevelopment projects. A policy allowing and promoting infill and redevelopment should therefore help increase the likelihood of new non-profit project construction.

ii. A Cost-Effective Method

All forms of intensification make use of existing services and facilities. Home sharing and conversions, in particular, make extremely efficient use of the existing housing stock and provide a low cost method of addressing shortages in housing. In comparison to the cost of providing municipal services for newly developing areas, intensification usually proves to be a cheaper alternative. Properly planned intensification makes more efficient use of existing public facilities, services and infrastructure while reducing the need for the provision of new services.

iii. Energy Consumption and the Environment

Current practices in urban design are geared towards accommodating the use of private motor vehicles. However, suburban development of single detached housing is an unsustainable approach to land use, making inefficient use of services such as public transit and municipal infrastructure. Continued development in the urban fringe implies increased, longer and more energy consuming commuter trips. Intensification policies, in particular those promoting infill and redevelopment, should slow the demand for land on the urban fringe, thereby slowing energy consumption as well.

The Vacant Residential Land Inventory estimates that the Region currently has a 15 to 20 year supply of land designated to accommodate future residential development. If effective policies are developed that promote intensification and higher density development, this land supply could become a 25 year or greater supply and effectively reduce the pressure for urban development on agricultural land and environmentally sensitive areas. This would appear even more pressing when it is considered that every acre of new urban residential use displaces an acre of food producing agricultural land, or oxygen producing forest, or habitat for wildlife.

iv. Diversity of Services

A more concentrated population within an area will support a greater diversity of public services and businesses. This can also contribute to an increased tax base, employment base and expanded retail and service sectors since the concentration of most retail and public services is directly tied to the population size in nearby markets. Intensification can actually help save local retail stores such as drycleaners, convenience stores, and restaurants. With the greater number of services maintained through intensification efforts, there may be positive benefits on quality of life, family stability, lower transportation costs, etc. in a neighbourhood.

v. Demographics

The age structure of Hamilton-Wentworth's population is changing, and the housing stock must change to reflect new demographic needs. Intensification has been the traditional method of adapting the existing housing stock to both social and economic change.

While population growth has been relatively slow in the Region, the number of new households has increased at a higher rate. There are more people living alone, more single parent families, and more childless couples. These trends have added dramatically to the need for new housing, and in particular the need for smaller houses and apartments.

An aging population too is a factor. The number of people aged 60 and over has been increasing in the Region and will continue to do so in the future. Increased numbers of seniors living alone could potentially increase the number of people demanding smaller units or the number of people willing to intensify their homes.

Concerns About Intensification

There are a number of visible problems associated with residential intensification. For example, if the residents of a converted unit are noisy or fail to maintain the property, it is the neighbourhood that must bear the cost. The fear of this occurring is usually enough to persuade people to fight intensification in their neighbourhood. Problems with neighbours and property maintenance have created an image which associates home conversions with neighbourhood decay and decline. Specific concerns about intensification include the following:

i. Parking

The construction of new residential units means an increased need for parking. In built-up areas it is often easier to provide space for people than to find space for cars. If sufficient parking is not available it often results in tenants parking on front lawns or in other ways that negatively impact on the physical appearance of the neighbourhood.

The lack of adequate parking is most serious in areas where conversions occur illegally because there is no guarantee parking will be made available. Infill and redevelopment projects almost always proceed through the development approvals process. Consequently the parking requirements are identified and the provision of adequate parking becomes part of the development agreement.

A policy promoting legal conversions and implementation methods to facilitate this policy (for example, more flexible zoning by-laws, as discussed in the "Setting the Regulatory Environment: Extended Background Paper") would ensure parking requirements are met while discouraging or reducing the demand for illegal conversions. Changing the regulatory barriers, to make legal conversions easier, would make illegal situations less numerous. In the meantime, innovative strategies for the provision of parking for tenants and owners in a neighbourhood could be attempted through a demonstration project. Use of parking permits, rear alleys and community mediation services are a few examples of different ways of seeking a solution to the parking concern.

ii. Crowding and Density

The increase in the number of units in a neighbourhood sometimes raises concern that unsafe or unhealthy crowding or densities may result. The Ontario Building Code contains minimum unit sizes which are based on determined health and safety standards. Many municipalities have zoning by-law requirements that go beyond the minimum requirements. The development of a policy encouraging and supporting the development of legal conversions (and then creating implementation methods to facilitate this, as discussed in the "Setting the Regulatory Environment: Extended Background Paper") would help encourage that all codes are properly satisfied.

iii. Social - Demographic Change

A large area of concern related to intensification is the change it may bring to a neighbourhood. Existing residents often express concerns about who the new residents will be and what their lifestyles and values will be like.

Residential intensification should increase the supply of low cost rental units. Perceptions have been created that people living in these units are transient and will lack any ties to the neighbourhood. But it should be noted that approximately 15 to 20% of all households that rent live in converted units. This represents a significant portion of the population in Hamilton-Wentworth, and they most certainly are not all transient.

In many neighbourhoods, change is inevitable. The characteristics of the population will change and the physical structure must adapt to meet these changing needs. Municipalities need to recognize these changes and how they will impact the community. Making these changes easier to do legally (through policy support and implementation methods), ensuring that standards are adequately enforced, publicizing about intensification and its benefits, and encouraging community participation in the changes that may be affecting a neighbourhood - all these are ways to address this concern about change, and they are explored in several Task Force recommendations and in other Extended Background Papers.

iv. Property Standards and Maintenance

The vast majority of people would probably have little objection to intensification if they knew the physical character of their neighbourhood would not be adversely effected. The general perception is that rental property will not be maintained, especially if the owner does not reside in the building.

The issue of property upkeep cannot be easily dismissed or ignored. Over 50% of the written submissions received by the City of Hamilton regarding its Intensification Study indicated property maintenance as a significant concern. Although no study has been performed, one can assume that if a large number of properties are poorly maintained there will likely be a negative impact on property values. Unfortunately not all converted (and to be fair unconverted) dwellings are well maintained. It is impossible to determine what type of conversion is usually poorly maintained. Both illegal and legal conversions and conversions with absentee landlords and owner-occupants have examples of poorly maintained property. Any policy developed for the promotion of intensification must provide mechanisms for the enforcement of standards. The Task Force focus on the regulatory environment in the "Setting the Regulatory Environment: Extended Background Paper" seeks to address some of these issues.

Concerns about property standards and upkeep are not as important in terms of infill or redevelopment projects. Usually the larger investment required for these projects, whether non-profit or private, guarantees they will be well maintained. If the projects are well designed, they can probably help with the physical appearance of a neighbourhood. Furthermore the process of site plan control will assist in guaranteeing any large redevelopment or infill projects will match with the physical character of a neighbourhood.

v. Property Values

Related to concerns about physical and social change is the perceived impact of intensification on property values. The change of a neighbourhood from its single family character is seen as a risk to property values.

It is next to impossible to isolate one specific factor and identify its impact on property values since too many interrelated factors control the housing market. Although the results should be interpreted with caution, the Ministry of Housing has made efforts, in a study completed in 1987, to isolate the impact on property values of being located next to a converted dwelling. The results suggested that being located next to a home conversion had no statistically significant impact on property values. A similar study completed in 1989 on the possible impact of being located near a non-profit assisted housing project revealed the same results.

Residential change is only one of many factors that may potentially affect property values. And intensification can have many beneficial effects on property values. For example if intensification increases the number of families and children in an area that was experiencing a population decline it could reverse a possible decrease in school enrolment, and the maintenance of a local school usually has a positive effect on property values.

vi. Municipal Services
Another major concern is that a policy promoting intensification could eventually lead to the overuse of the existing municipal services. It is possible, however, that much of the built-up urban area of Hamilton-Wentworth has surplus water and sewer capacity (i.e. new neighbourhoods in the City of Hamilton are planned for an average density of 35 people per acre. Almost all neighbourhoods on the Mountain are well below this planned density.) Obviously it would be more cost-effective for the Region to encourage the creation of new residential units in the built urban areas rather then in the undeveloped fringe.

Current information makes it difficult to assess the availability of surplus capacity in the built-up area. The development of a comprehensive plan identifying servicing capacity (see .Task Force Recommendation 2.14) is a necessary component of any plan promoting intensification, and the Task makes this related recommendation. Without such a plan, it is possible the Region could be caught without proper services or capacity. Whether promoting infill, redevelopment or home conversions, consideration of the servicing capacity is necessary.

A Policy Area for Study: Sustainable Development

In keeping with the Task Force Guiding Principle that advocates sustainable development and with a general emphasis on higher density development, the Task Force makes a request that the Regional Chairman's Task Force on Sustainable Development be asked to examine the potential impacts and feasibility of encouraging a reduction on further redesignation of rural land to urban.

THE DEFINITION AND IDENTIFICATION OF AFFORDABLE AND SPECIAL NEEDS HOUSING IN HAMILTON-WENTWORTH

The Definition of "Affordable" Housing

Based on an examination of several possible methods (see Appendix A of this paper) for producing a definition that more accurately reflects the housing needs in the Hamilton-Wentworth community than the definition of "affordable" provided in the Provincial Policy Statement Land Use Planning for Housing, the Task Force concluded that a combination of methods is required. One of these methods - the Residual Income Method - is sensitive to a number of factors such as household type, size, tenure and income level, and it incorporates a realization that a household can expect a certain minimum level of expenditures for non-housing related household necessities. The method reflects the specific costs of living in the Region of Hamilton-Wentworth, since it seeks to compare the estimated amount of income available for shelter to current average market rents. It can also allow for an identification of those in very extreme housing need, again according to the particular context of this Region. The Task Force recommends that the Residual Income Method should be used in conjunction with a survey of the demand for special needs housing, analysis of assisted housing waiting lists, the income/ratio method (in the form currently used by the City of Toronto - see their "Cityplan '91: Toward a Housing Needs Assessment for the City of Toronto"), and these combined methods should inform all of the Region's considerations of affordable housing. The Region, further, should officially recognize the housing needs identified by these methods, and it should work to develop, deliver and monitor policies and programs to meet the specific affordable housing needs of the Hamilton-Wentworth community.

The following is a summary of the estimated affordable housing needs in Hamilton-Wentworth (see Appendix B of this paper for a more detailed account of housing needs in the Region according to the Residual Income Method; it should be noted once again that the Task Force is advocating the use of the Residual Income Method in conjunction with other methods as the best means to achieving a comprehensive account of the housing needs of this community):

o Approximately 16% of all households need some form of subsidized housing. Of this group 44% are single person households, 24% are lone parent families, 20% are husband-wife families with children and 12% are husband-wife households without children. Currently there are between 10,000 and 11,000 subsidized housing units in Hamilton-Wentworth, which represent about 5 to 10% of all housing stock. There is a significant need for an increased supply of subsidized housing.

o Approximately 10% of all households have an income that allows them to compete in the current rental market but not to enter into the home ownership market. Of this group 62% are single person households, 18% are husband-wife households without children, 15% are husband-wife families with children and 5% are lone-parent families. This group cannot afford the average priced starter home ($130,000 in the Hamilton CMA, assuming a 10% downpayment and 25 year mortgage). Housing that sells for less then $130,000 is needed for groups such as first time buyers.

o Approximately 10% of all households are possibly house rich but cash poor, suggesting that there are households who own their dwelling and could use some assistance (i.e. home conversion, home sharing) in covering their shelter expenses. Of this group 35% are husband-wife families with children, 28% are husband-wife families without children, 24% are single person households, and 13% are lone parent families.

* *

Provincial Recommendation: The Task Force also recommends that the Provincial Government consider using the variety of methods proposed above in its definition of affordable housing.

* *

Identification of Special Needs Housing

While the methods suggested above may be relevant measures for defining affordable housing for many members of the Region, certain segments of the population have additional, "special" needs that also affect their housing needs. Research prepared under the direction of the Task Force reveals that there is a wide range of housing demand for special needs groups and no easy method for identifying this demand. Information contained in Appendix B of this paper highlights the need for special needs housing.

Although a number of support services exist for these special needs groups, the agencies providing these services have difficulty because of a lack of affordable and suitable housing. In addition to their special housing needs, these groups tend to have limited incomes and this intensifies their housing problems. The Task Force believes it is the Regional role to acknowledge these vulnerable groups, in accordance with Task Force Guiding Principles. The Task Force recommends that this acknowledgement should be a Regional policy commitment and that every effort should be made to guarantee that the full range of special needs housing is addressed.

The Task Force suggests that Regional action on this policy commitment could begin with the development of an information system or network for identifying the housing requirements of Hamilton-Wentworth's special needs populations, to ensure that people are matched with properly designed housing, that new construction is geared towards the most pressing need, and that the housing needs of all population groups are met. Certain Task Force recommendations and other Extended Background Papers consider methods to implement this policy.

COMMITMENT TO COMMUNITY INVOLVEMENT

Ensuring a Bottom-Up Approach to Affordable Housing

In keeping with the Task Force Guiding Principle emphasizing the importance of community participation in affordable housing issues, the Task Force recommends that the Region should adopt a policy perspective that includes a commitment to community development processes and involvement.

Setting the Policy Environment:

Extended Background Paper

Appendix A

Methods of Defining Affordable

% of Gross Household Income

One of the most common definitions of affordability is the notion that a household should not pay more than a given percentage of their gross income on housing. Until recently it was felt that households should only have to pay 25% of their income on shelter. Now it is more commonly accepted that households can afford up to 30% of their gross household income on shelter. For example, if a household has a gross income of $30,000, its annual shelter costs should not exceed $9,000 or $750 a month. If it is assumed that the household has a 25% downpayment, and mortgage amortized over 25 years and an interest rate of 12.5% the household could afford a house priced at approximately $87,000.

Disadvantages:

> Fails to take into consideration household type and housing needs. For example a single person household with an income of $30,000 has very different requirements than a single parent family with an income of $30,000. The single person household may be capable of paying more than 30% while the single parent family may not be capable of paying 30% because of other necessities.
>
> Is an arbitrary definition. No justification or argument has been made for 30% versus 25%.
>
> Fails to take into consideration the fact that as household income declines, a fixed percentage represents a larger share of household income and may cause that household to forego other basic necessities. For example if a household with an income of $40,000 paid 30% of its gross income on shelter would have approximately $8,000 to $10,000 left in net income to meet its needs beyond shelter. For a household with an income of $20,000 it would only have $4,000 to $5,000 remaining.

Advantages:

> Easy measure to implement and use. Data readily available from each census to determine the number of households with affordability problems.

Core Need

A concept developed by CMHC. A household is determined to be in "core need" if it is paying more than 30% of its income for suitable and adequate housing, suitable defined as being an appropriate unit size for the household size and adequate defined as being in adequate maintenance and condition.

This is a broader definition of affordability that attempts to tie income and minimum housing requirements into the definition.

Advantages:

> Incorporates the notion of quality of life into definition.

Disadvantages:

Suitable and adequate are subjective measures and difficult to measure or quantify. Would need to work out a definition of minimum housing requirements that incorporates things such as number of bedrooms, square footage, location, provision of appliances.

Difficult to measure and assess subdivision proposals against this definition.

Market Rents

Core need incomes would be identified in relation to current market rents and house prices. For example if the current average market rent for a 2 bedroom apartment is $700, the required income based on 30% requirement is $28,000. Households with incomes below $28,000 cannot afford the going market rent and therefore are potentially in need of housing assistance. Income requirements would be calculated for different dwelling types and sizes.

Residual Income Method

A household paying so much for housing that it cannot afford to pay for basic necessities is having an affordability problem.

Disadvantages:

Difficult to measure and apply.

This method assumes households paying more than average rents are voluntarily overpaying and could find a cheaper and adequate unit if they wanted. In the current tight rental market this may not be the case.

Advantages:

Overcomes the problem that as household income declines, the household can only pay a smaller percentage of its income on housing.

Relative to the Market

Ottawa-Carleton is currently in the middle of a review of its Regional Official Plan. They are proposing to define affordable as shelter costs that do not exceed 30% of an household's gross annual income.

They define affordable private rental housing as having a rent that does not exceed 115% of average market rents for each unit size, as calculated annually in the CMHC rental market survey. Ownership housing is considered affordable if the price represents a monthly shelter cost which does not exceed 150% of the average market rent for comparable rental units, as calculated annually in the CMHC rental market survey.

For example, if the average monthly rent is $500 then new units that rent for $575 or less would be considered affordable while ownership housing that requires monthly payments of $750 or less would be affordable.

This definition was developed for the Ottawa-Carleton experience where it was determined that there was no large segment of the population that was paying more than 30% of its gross income on shelter. The definition of affordable should change in the relatively same rate as incomes.

Disadvantages:

Policy geared for Ottawa-Carleton and centres on people in the 30th to 50th income levels. Was felt this group was having affordability problems in Ottawa-Carleton.

Advantages:

Flexible and easy to implement.

Incorporates both income and price.

Setting the Policy Environment:
Extended Background Paper

Appendix B

Identifying the Need
for Affordable Housing

Introduction

This appendix presents first a discussion of the affordable housing needs as revealed through use of a Residual Income Method and then a discussion of the housing demand of select special needs populations.

The Residual Income Method

With this method, the amount of income required to meet basic necessities is estimated for each household type. These estimates include among other things the cost for food, clothing, health care, transportation, home furnishings, and taxes. Subtracting the amount for these expenditures from the household's income provides an estimate of the amount of income available to the household for shelter. Comparing the income available for shelter to average market rents provides an indication of those groups in the community that would have trouble finding affordable shelter in the current market.

In order to determine household affordability levels the following information is required;

1) an estimate of household expenditures by household type (Table 1).
2) household income by household type and tenure status (Table 2).
3) current housing market rents and house selling prices by dwelling characteristics (Table 3).

Annual household income levels were obtained for 1985 from the 1986 Census and estimated to 1990 income levels using an inflation factor of 1.28 (the change in the consumer price index for the 1985 to 1990 time period). Household expenditure levels were obtained from the "Guide to Family Budgeting, 1986" produced by the Social Planning and Research Council of Hamilton and District. These expenditure levels were also estimated to 1990 dollars.

Making use of the change in the consumer price index to inflate income and expenditure levels does not account for changes that may have occurred in real income and cost of goods. Results should be considered as indicators of possible need rather than exact demand.

Current market rents for different sized rental units were obtained from the "Vacant Rental Market Survey" prepared by the Housing Help Centre. The average price of a starter home and the total monthly carrying costs were taken from estimates prepared by Canada Mortgage and Housing Corporation.

Table 1
Estimated Annual Family Expenditures
Excluding Shelter, 1990

	No Child Care Needed		Child Care Needed	
Household Type	No Car	With Car	No Car	With Car
Single Person				
under age 65	$10,050	$14,520		
aged 65 and over	$8,835	$12,675		
Lone Parent				
1 child	$13,190	$17,665	$22,700	$27,200
2 children, under age 10	$16,820	$21,300	$25,550	$30,030
2 children, over age 10	$20,225	$24,700		
Two Adults with				
no children	$16,060	$22,180		
1 child	$18,905	$23,400	$30,600	$35,000
2 children, under age 10	$22,325	$26,800	$34,985	$39,465
2 children, over age 10	$29,345	$33,870		

Source: "Guide for Family Budgeting in Hamilton-Wentworth, 1986", by the Social Planning and Research Council of Hamilton and District. Budgets estimated to 1990 dollars using the change in the Consumer Price Index.

Table 2
1985 Income Distribution
Estimated into 1990 Dollars by Household Type

	Number of Households by Type				
Annual Hshld Income	Hus/Wife w child	Hus/Wife w/o child	Lone parent	Single person	Total
< $9,600	1,350	1,070	2,480	5,695	10,995
$ 9,600-$19,199	2,205	4,230	3,650	14,725	25,805
$19,200-$28,799	4,115	7,235	2,085	6,185	20,760
$28,800-$38,399	6,175	5,735	1,880	3,715	18,580
$38,400-$47,999	10,045	5,350	1,435	3,125	20,725
$48,000-$57,599	10,525	4,465	955	1,270	17,915
$57,600-$67,199	8,195	3,675	555	640	13,805
> $67,200	17,465	6,300	940	725	26,985
Total	60,075	38,060	13,980	36,080	155,570

Note: There are 5,675 two person non-family households and 1,700 multiple family households not listed in the table.

Source: Census of Canada, 1986. Income levels estimated to 1990 dollars using the change in Consumer Price Index.

Table 3

Average Monthly Rents for Vacant Units,
Winter, 1990.

Unit Type	Monthly Rent
Rooms Unfurnished	$290
Shared Accommodation	$320
Rooms Furnished	$300
Bachelor Suite	$410
One Bedroom	$500
Two Bedroom	$685
Three Bedroom	$850
Monthly Carrying Costs of Starter Home	$1,558 [1]

Source: Housing Help Centre, "Vacant Rental Market Survey" and CMHC, "Canadian Housing Markets, September 1990".

Note (1): Monthly carrying costs for a starter home assume a downpayment of 10% of the house value, a mortgage amortized over 25 years, interest of 13.5%, and annual property taxes of 1% of the house value.

The Need for Affordable Housing

The Residual Income Method provides an indication of the number and type of households that would have difficulty finding adequate and affordable shelter in the current market. In particular the application of this measure identified three types of affordable housing problems:

- the house rich but cash poor;
- rental households with inadequate income for the current market; and
- rental households that would have trouble entering the home ownership market.

The type and the level of the affordability problem varies according to household type.

The following section is a discussion of the affordable housing problem for single person households, lone parent families, husband-wife families with children and husband-wife families without children, all according to the Residual Income Method of assessing affordability.

Single Person Households

In 1986, there were 41,755 non-family households in Hamilton-Wentworth. Approximately 86% (36,080) were single person households while the remaining unattached individuals lived with non-relatives.

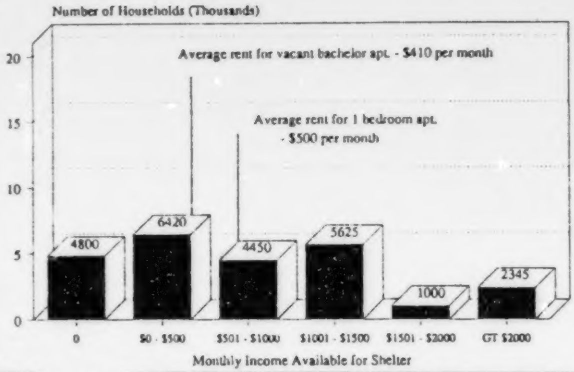
The majority (39%) of one person households are senior citizens. Almost 47% of all households headed by people aged 65 and over are one person households. Similarly 34% of households headed by people aged 15 to 24 are one person households. Only 20% of households headed by people aged 25 to 64 are one person households. Single person households are most prevalent among the elderly and the young.

There is a high rate of low income among single person households. Approximately 57% of all single person households in 1985 had an annual income of $15,000 or less. The greatest incidence of low incomes is in young and old single person households. Almost 70% of single person households headed by people aged 15 to 24 and 80% of senior headed one person households had annual incomes of $15,000 or less.

The majority (68%) of single person households rent their dwelling. Comparison of current market rents for bachelor and one bedroom apartments to the estimated amount of income left for housing reveals approximately 10,000 single person households do not have an adequate income level (Figure 1). This suggests a large group of single person households would have trouble finding adequate shelter in the current rental market.

Further evidence is revealed in the fact that as of January, 1990 approximately 4,900 singles received General Welfare Assistance. Close to 84% are aged 45 and younger. Amongst this population 3,400 spent more than 50% of their total income on shelter. Close to 32% (250 persons) of the clients served by the Housing Help Centre in its first year of operation were single person households. Almost all had incomes below the poverty line.

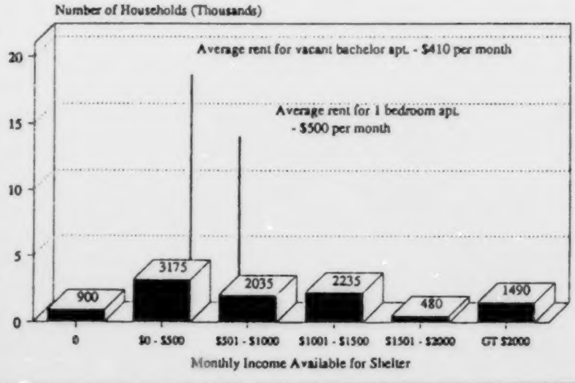
Figure 1
One Person Households, Renters
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

Almost one-third (32%) of single person households owned their dwelling. About 40% had income levels that leave less than $500 a month for housing costs (Figure 2). The majority of these low income single person owners are probably elderly individuals. Although it is not identify all income source such as savings, the reported income levels suggest these people may be house rich but cash poor.

Figure 2
One Person Households, Owners
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

Lone Parent Families

In 1986, there were 13,975 lone parent families in the Region representing almost 20% of all families with children. Just over 80% of these families are female headed households.

Almost 44% of all lone parent families had an income level below the poverty line. The combination of low income levels and the probable need for child care presents lone parent families with a real challenge to find adequate and affordable housing.

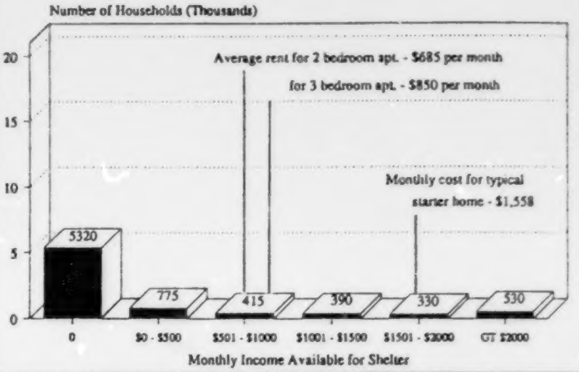
Over half (55%) of lone parent families rent their dwelling. Comparison of income levels for lone parent families that rent to the estimated expenditures of a lone parent with one child in need of child care reveals well over half (75%) of the families probably have little or no income left for shelter (Figure 3). Few lone parent families currently renting could afford the current average market rent for either a two or three bedroom apartment.

Examination of the income levels of lone parent families that own their dwelling shows a slightly different picture. Approximately one-half of these households have at least $1,000 a month to put towards shelter costs and would appear to be capable of meeting the costs of housing (Figure 4). Close to 2,000 of these households however have little or nothing available for housing after other expenditures. There is a small segment of lone parent families that is potentially house rich but cash poor.

There is a large number of lone parent families in Hamilton-Wentworth with an income level below the poverty line. This group needs housing that is not only affordable but of a suitable size and within easy access of a variety of services such as daycare facilities, schools, social support services, and public transportation.

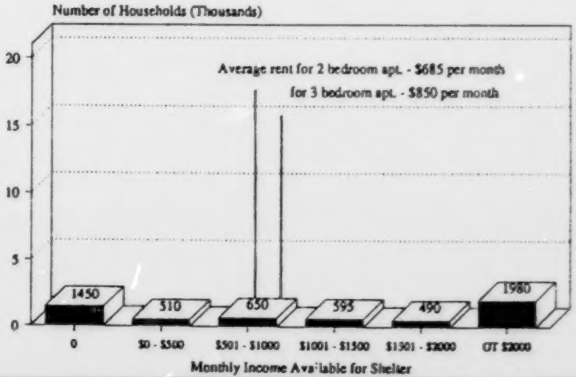
Almost 40% (350 households) of the clients served by the Housing Help Centre in its first year of operation were lone parent families.

Figure 3
Lone Parent Household, Renters
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

Figure 4
Lone Parent Household, Owners
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

Husband-Wife Families with Children

In 1986, there was a total of 60,075 husband-wife households with children in Hamilton-Wentworth.

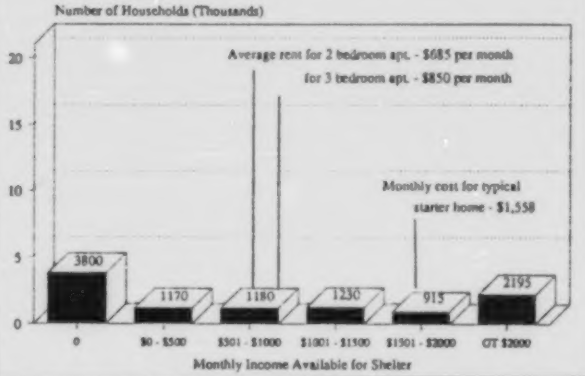
Unlike lone parent families only a small portion (6%) of these households had an annual income below $15,000 in 1985. This however represents almost 3,600 households. The expenditure levels of this family type changes significantly according to the number of children, their age, the need for an automobile, and the need for child care. Annual expenditure levels vary from an estimated low of $18,905 to a high of $39,465. In order to estimate the number of households with potential affordability problems a midpoint value of $29,000 was chosen.

Only 18% of all husband-wife families with children rent their dwelling. After basic expenditures almost half of these households that rent do not have any income remaining for shelter (Figure 5). Only about 3,000 households would have an income available that would allow them to afford the monthly cost of the average starter home in the Region.

There would appear to be a large group of traditional families in need of both rental housing assistance and assistance to enter the home ownership market. In 1988 the City of Hamilton conducted an assisted housing survey and identified a need for approximately 3,100 new assisted family housing units (includes lone parent families).

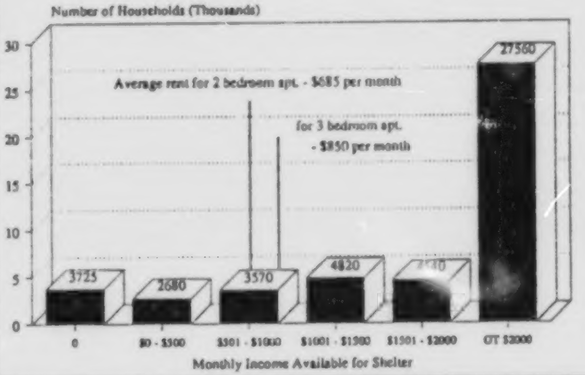
The vast majority (83%) of husband-wife families with children own their dwelling. Examination of their affordability levels reveals that there is a number with limited income available for shelter (Figure 6). However as a group there appears to be limited financial difficulties as over 27,000 of these households are estimated to have more than $2,000 a month available for housing costs. A number of these families may also be older families that have smaller mortgages and therefore limited housing expenditures.

Figure 5
Husband-Wife with Children, Renters
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

Figure 6
Husband-Wife with Children, Owners
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

Husband-Wife Family without Children

In 1986, there was a total of 38,060 husband-wife households without any children in Hamilton-Wentworth. Young couples with or without children make up the majority of the market for first time homebuyers.

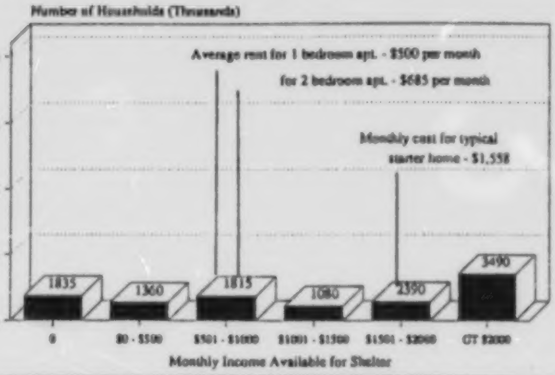
Like husband-wife families with children this group tends to be relatively well off financially. Just over 5,000 (14%) of these households had an annual gross income of below $15,000 in 1985. In order to estimate affordability levels expenditure levels excluding automobile costs were used.

Just over 35% of husband-wife families without children rent their dwelling. After expenditures about one-quarter of this group has little on no income remaining for shelter costs. About 15% do not have an income level that would allow them to afford the current rents for vacant one or two bedroom apartments. Only about 50% have an income level that would allow them to afford the typical starter home.

A recent study prepared by CMHC revealed that only about 10% of households (includes all types of households) that rent in the Hamilton CMA can afford to buy the average priced ($130,000) starter home. In comparison the average for the 26 Metropolitan areas of Canada was just under 50%.

Another study, conducted by the Regional Municipality of Niagara revealed that almost half of all new homes in Beamsville were purchased by people who formerly lived outside the Niagara Region. The majority of these people came from Hamilton-Wentworth, with affordable housing being the main reason for moving to the Niagara Region.

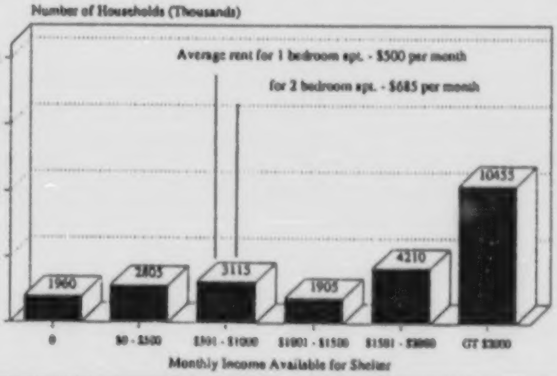
Figure 7
Husband-Wife without Children, Renters
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

The large majority (65%) of husband-wife families without children own their residence. Generally this is a financially well-off group with almost 42% having an estimated monthly income of at least $2,000 for shelter. Only about 8% are estimated to have no income remaining after other household expenditures for shelter. These couples are probable either young couples who may have a large mortgage or empty nest couples with limited shelter costs.

Figure 8
Husband-Wife without Children, Owners
Affordability Levels



Source: Social Planning & Research Council, CMHC, Housing Help Centre and Hamilton-Wentworth Planning & Development Department.

The Affordable Housing Problem in Hamilton-Wentworth

Of the four household types examined, each has a proportion of its population with an affordability problem where income levels are too low to meet the costs of both shelter and other household needs. Of particular significance is the large proportion of low income single person households and lone parent families that would have difficulty finding affordable and adequate accommodation in the current market. Evidence presented in Table 4 suggests that approximately 16% of all households in the Region are in need of some form of assisted housing while an additional 11% of all households in the Region who own their dwelling may be in a situation where they are house rich but cash poor.

Table 4
Number of Households estimated to have
Less Than $500 a month for Shelter

Household Type	Owners	Renters	Total	Percent of all Hshlds
Single Person	4,075	11,220	15,295	42%
Lone Parent	1,960	6,095	8,055	58%
Husband-Wife w/o children	4,765	3,195	7,960	21%
Husband-Wife w children	6,405	4,970	11,375	19%
Total	17,205	25,480	42,685	27%

Results presented also suggest that home ownership is not a viable alternate for a large number of middle income households currently renting their dwelling (Table 5). Approximately 22% of all households in the Region have an annual income that is probably suitable for the rental market but is too low to enter the home ownership market.

Table 5
Number of Households estimated to have
Between $500 and $1,500 a Month for Shelter

Household Type	Owners	Renters	Total	Percent of all Hshlds
Single Person	4,270	10,075	14,345	40%
Lone Parent	1,245	805	2,050	15%
Husband-Wife w/o children	8,390	2,895	11,285	30%
Husband-Wife w children	5,020	2,410	7,430	12%
Total	18,925	16,185	25,110	22%

Housing People with Special Needs

The Task Force recognizes that the Residual Income Method and other instruments do not always identify the needs of special segments of the population. Groups such as the disabled and victims of domestic violence, because of their special circumstances, often require housing that is not only affordable but also a range of support services and a housing design that suits their particular needs.

There is no quick or easy method to identify the amount or type of special needs housing. Only through discussion with agencies involved in providing support services to these groups can any assessment be made of the possible need.

This section presents a discussion of the potential demand for special needs housing as identified through a preliminary investigation undertaken in the summer of 1990 by the staff of the Planning and Development Department.

Physically Disabled

According to the 1986 Health and Activity Limitations Survey (HALS) administered by Statistics Canada, a disability is any restriction or lack of ability to perform an activity in a manner, or within a range, considered as normal for a human being. According to HALS it was estimated that there were approximately 38,000 people aged 15 and over, in Hamilton-Wentworth with at least one disability in 1986. Just over 70% of these people have a moderate or severe disability which puts significant restrictions on activities.

As a person ages the likelihood of becoming disabled increases. According to the 1986 survey, there were an estimated 14,785 disabled persons aged 65 and over, representing 40% of the disabled population aged 15 and over and almost 30% of the population aged 65 and over.

The HALS survey divided disabilities into six general categories: mobility, agility, seeing, hearing, speaking, and other. Mobility and agility disabilities were the most common with 80% indicating a mobility disability and 71% indicating an agility disability. There appears to be a large population which needs to use some form of aid to move around outside and in their own home.

Only 16% of the disabled persons indicated an income greater than $20,000 (1985 dollars). It would appear that the vast majority (approximately 32,000 people) of disabled individuals have an income below the poverty line. Low income levels in addition to disability severely limits the housing options for the disabled.

Approximately 13% (4,000) of the disabled indicated a need for special features for entering or moving about their residence. About 12% (3,700) stated a need for modifications to fixtures in the kitchen while approximately 8,200 (26%) disabled persons need modifications to the fixtures in the bathroom. Results from the 1986 HALS suggest a significant need for modified housing for physically disabled individuals.

The housing requirements of the physically disabled range from the need for modified units to the need for services and supportive living opportunities. The concepts of barrier free design, access to required services and integration into the community must be applied in responding to the housing needs of the disabled, in order to ensure opportunities for both independence and community participation.

There are currently 260 assisted housing units in Hamilton-Wentworth which are occupied by disabled individuals. The number of units which are modified or have a barrier free design is unknown because currently there is no up to date inventory of units available in Hamilton-Wentworth for the physically disabled. An inventory that was created in the early 1980s by the Regional Advisory Committee for the Physically Disabled is currently held by the Housing Help Centre, who is pursuing funds for its update.

In the construction of new assisted units, the general rule of thumb is that roughly 5% of new units should be for disabled persons. It is important to ensure that modifications to these units suit the particular needs of the clients. This can be accomplished by constructing units consistent with principles of barrier free design and by providing opportunities for client participation in unit design.

There is a large percentage of disabled individuals that require modifications for entering and moving about their residence to the kitchen and bathroom. There are programs available (i.e. Ontario Home Renewal Program for Disabled and Hamilton Handicapped) which provide financial assistance for the purpose of making modifications. According to a 1986 study conducted by the Social Planning and Research Council, the primary reasons why modifications are not made include expense, difficulties in assessing needs and nature of shelter (i.e. rented).

The community based response to the needs of the physically disabled has been strengthened through the introduction of supportive living units. These are special modified units with on site support care available on a 24 hour basis. This option serves those living in the community who need a higher level of care, and could service those who are institutionalized because of a lack of alternatives.

Presently there are three supportive living units in Hamilton. They are St. John Place, Villa Verdi and Hamilton Independent Living Project. There is a total of 50 supportive living units in these three projects, 40 of which were built in the last year. The demand for these projects has been high with Villa Verdi, the most recent of the 3 projects, having a waiting list of close to 20 eligible applicants. Although the waiting lists seem small, the turnover in these units is relatively low. Eligible applicants can expect to wait at least 2 years before getting accommodations. Because of this low rate of turnover the waiting list for these units is presently closed. The apparent demand indicates these units are an important part of responding to the housing needs of the physically disabled.

Although efforts are being made to provide housing for the physically disabled, discussions with service providers indicated that there are other groups of physically disabled persons in need of special housing. The supportive living projects turn away applicants who are physically disabled and in need of a certain amount of supportive care but not to the extent provided in the supportive living units. There appears to be no real alternative for those who need only a minimal amount of support and who still need more services than a regular subsidized apartment provides.

Housing which is specially designed to meet the needs of people who are deaf is of limited availability as well. According to the Canadian Hearing Society there are approximately 1,200 profoundly deaf (make use of sign language) in Hamilton-Wentworth. Close to 60% of these people have an annual income below the poverty line. Currently there are no specific programs oriented towards helping the deaf population find housing and making necessary modifications. The cost of modifying things such as telephones, door bells, and smoke alarms is high, presenting a real difficulty for a group with such low incomes. Suggested solutions include designing 3 to 5 units in a social housing project for the needs of deaf individuals.

The Homeless

Homelessness is a complex problem, confronting many urban centres. Solutions to the problem are constrained by a number of factors including the diversity within the homeless population. The homeless are a diverse group with representation from both men and women, youth, families, refugees, and post-psychiatric patients.

The Final Report of the Minister's Advisory Committee on the International Year of Shelter for the Homeless, 1988, identified the homeless as; people literally without shelter; people who use the emergency shelter system as a permanent form of accommodation; tenants living in overcrowded, substandard housing; and, tenants who pay more than 50% or their income on rent. Factors affecting homelessness include: the loss of affordable housing; low rental housing production; low income; low rates of social assistance; and, deinstitutionalization.

There are four hostels in Hamilton with 150 beds that solely serve the homeless population. All 4 hostels (Bold Park Lodge, which also offers an alcohol addiction recovery service, Mission Services, Salvation Army, and Good Shepherd) serve only males. Martha House with 19 beds was originally opened to serve homeless females but due to high demand has turned to providing shelter to victims of domestic violence. Approximately 50% of Martha Houses' clients are victims of domestic violence. The only other shelter available for single women (St. Simeon) closed in 1989.

Of the 4 shelters available for homeless males, the utilization rate for 1989 was approximately 45% meaning less than one-half of the available 55,000 bed days were occupied. An investigation of hostel use in 1989 by the Regional Planning and Development Department found approximately 2,700 different males made use of the shelters. An estimated 150 were identified as being habitual users.

Although there does not appear to be a need for more hostels for males there is an apparent need for a female hostel for single homeless women. The Elizabeth Fry Society and the Native Women's Centre house a few such women, but not many, and additional services would seem necessary. Because a large number of homeless women are psychiatrically disabled, the only other current places for females, the shelters for battered women, are reluctant to admit them. If the woman is known to have a history of violent behaviour she will probably not be admitted because staff do not wish to create a situation where the victims of domestic violence leave the shelter.

Likewise, psychiatrically disturbed men have special needs and cannot be housed in regular hostels either. It would appear that separate, very specialized shelters are required for both psychiatrically disturbed men and women who are homeless. The special needs of the psychiatrically disturbed are considered further in the discussion that follows.

Solving the homeless problem goes beyond the provision of emergency shelters. There is a need for a continuum of housing options that address the problems which contribute to homelessness and the supports that may be necessary to maximize opportunities for independence and community participation.

Some of the shelter requirements necessary to service the needs of the diverse homeless population and those vulnerable to homelessness include emergency shelters, transitional accommodation, rooming and boarding houses, second level lodging homes, hostel accommodation within mixed residences (such as the accommodation provided by Project Hope), group homes, and affordable rental units (both assisted and private). In addition, some of those vulnerable to homelessness require services, such as the placement assistance provided by the Housing Help Centre, in their search for appropriate accommodation.

Developmentally Disabled

There are a number of agencies and groups currently providing assistance to both children and adults who are developmentally or learning disabled. The largest organization is the Hamilton and District Association for Community Living. The primary purpose of the residential services program in this organization is to teach living skills to the clients so they can eventually live independently.

Presently the organization provides housing to 90 clients in supportive housing units. Approximately 60% of the clients are or will be capable of moving into their own independent setting. The remaining 40% are profoundly disabled and will not likely move from their current situation.

In addition to the 90 spaces provided by the Association for Community Living there are approximately 40 beds provided by other agencies. There is a central waiting list with approximately 200 names for these 130 spaces. Because of the high demand the waiting list is currently closed.

Agencies working with the developmentally handicapped have experienced difficulty in finding accommodations for their clients. Because the sole income for the majority is the Family Benefits Disability Allowance, their incomes are low and they have difficulty finding affordable housing. There is a real need to provide affordable housing for this group so they can move out and live independently.

Further evidence of the need for transitional housing for this group is revealed in the database on the developmentally handicapped maintained by the Association of Agencies for Treatment and Development. In 1988, (most recent update of the database) there were 485 individuals listed in the database that resided in Hamilton. Of these, approximately 50% were considered to be appropriately housed while 13% were felt to be extremely inappropriately housed. The majority of the inappropriately housed live in either a nursing home or with family. These individuals were identified as potentially benefiting from a group home where life skills are taught so they could live independently.

The CNIB currently runs the only multi-handicapped facility in the province. The 57 bed facility provides services to a client group that are almost all visually impaired and developmentally delayed. Currently the facility has only one training apartment where clients are taught the life skills necessary to live on their own. It was felt by staff that at least 35 of the 57 clients could be given training in independent living and eventually reside in their own residence. The other 22 clients will probably always be in need of 24 hour supportive care and will probably be unable to function independently.

With the cooperation of Hamilton Housing the CNIB has been relatively successful in finding low cost housing. Once a client has gone through the program in the training apartment Hamilton Housing usually puts that person at the top of their waiting list. Almost all clients are on Family Benefits Disability Allowance which limits a single person to a maximum income of only $750 a month. It is rare that a client will have the skills available to make a large income. This group is therefore often limited in its housing choices to what is provided through subsidized programs.

Victims of Family Violence

Approximately one in ten Canadian women who are married or in a live-in relationship experience some form of abuse. In 1988, 97 Canadian women were murdered by their spouse. No community is immune; abusive situations are everywhere and housing and support resources are needed.

There are four shelters in Hamilton that serve not only the City but the entire Region. These shelters, most often referred to as "transition homes", provide emergency shelter for battered women, counselling, and advocacy with agencies such as the courts, the Housing Authority and Social Services. Women and their children are permitted to stay for a maximum of six weeks.

The four transition homes (Martha House, Hope Haven, Inasmuch House, and Interval House) have a total of 76 beds available. In 1989 the utilization rate of these beds was approximately 80%, meaning only 5,000 of the available 28,000 bed days were vacant during the year. During most of the year the homes are full to capacity and the number of turn-aways have been increasing. Interval House estimates it turns away one woman and child for everyone they accommodate. There is an obvious need for more transition home space to aid women in abusive situations.

Transition homes are the first stage for a woman removing herself from an abusive home. Many survivors of domestic violence upon leaving the transition home are in need of "Second Stage Housing". In this type of housing, support services are provided to help the woman learn to adjust to running and maintaining her own home as a single parent. Second stage housing allows the woman the time to become independent in a non-violent environment.

As of January 1, 1990 the Emergency Shelter Foundation had 12 second stage homes in operation. A total of 34 women and 75 children were housed through this program in 1989. Statistics prepared by the Foundation indicate that an additional 350 families could have been housed if there had been more space available. Although the Foundation has set a goal of having 50 second stage homes by the year 1992, this will not satisfy all the demand.

Because of the lack of options such as second stage housing and permanent affordable housing a number of women return to their former abusive situation. Current estimates suggest approximately 50% return to an abusive situation because no housing is available. Greater provision of adequate and affordable housing in conjunction with support services is needed to help victims of domestic violence.

Psychiatrically Disabled

The recent report (1988) of the **Task Force on Care for the Psychiatrically Disabled** identified 82 beds in Homes for Special Care and 28 beds in Approved Family Homes available for the psychiatrically disabled. Homes for Special Care provide long term residential care for persons who no longer require in-patient treatment but who need some custodial supervision. Approved Family Homes are small group living arrangements for psychiatric patients ready to leave the hospital. In addition the Task Force identified approximately 500 beds in Second Level Lodging Homes that cater to the psychiatrically disabled.

Although no assessment was made of the demand for additional housing for the psychiatrically disabled a number of problems were identified. The Task Force identified a need for the development of a central placement service and a need for an overall comprehensive housing plan to meet the needs of the psychiatrically disabled. Hamilton Psychiatric Hospital (HPH) places its patients who are ready to move into approved homes ("Homes for Special Care"), with careful planning. But discharges from psychiatric wards in General hospitals and community placements should be screened and placed by a central service similar to the HPH system. A proposal for such a service has been formulated, but a sponsoring agency is still needed. The Task Force also discussed the fact that housing alone cannot solve the problems of the psychiatrically disabled. The provision of housing must be complemented with proper supportive services, public education and adequate financial resources.

The Task Force also pointed out a number of problems with second level lodging homes. These problems included a lack of privacy, inflexible rules, food quality, restrictions on activities and disruptive co-residents. Overall the impression received from residents was that they did not feel they could do things they would expect to do in their own home. Many are looking for alternatives but there are limited opportunities for this group due to a lack of support services and income problems.

A report prepared by the Department of Social Services and District Health Council recommended that the Region conduct an in-depth review and develop a plan for addressing the housing needs of seniors, particular the needs of special groups such as the cognitively impaired and psychiatrically disabled.

Discussions with staff at the Canadian Mental Health Association reinforces the fact that there is a lack of affordable housing options for the psychiatrically disabled. Suggested solutions could include the development of a certain number of housing units in social housing projects for the psychiatrically disabled. In addition to these specially constructed units there would be a need for additional funds to provide the necessary support services so that these individuals could live independently.

The Demand for Special Needs Housing

This is only preliminary investigation of the possible need for special types of housing in the community. Other groups not investigated include street youth, people in conflict with the law, the frail elderly, and new immigrants.

Of the groups examined the following points highlight the need for special housing:

Physically disabled:
- a 2 year waiting list for the supportive living units
- the waiting list is closed
- no inventory of modified assisted housing units for the disabled

The homeless:
- 150 habitual users of the emergency shelters
- no hostel for single females

Developmentally disabled:
- 200 names on central waiting list
- 35 clients at CNIB that will eventually need low cost housing
- AATD database prepared in 1988 suggested at least 60 individuals were inappropriately housed.

Victims of domestic violence:
- emergency shelters operating at capacity
- lack of second stage housing
- lack of affordable housing leads to a return to abusive situation.

Psychiatrically disabled:
- problem with the quality of many second level lodging homes
- no affordable alternatives
- need for a comprehensive housing and support services plan.

Although there is an availability of support services the agencies providing these services often have difficulty because of a lack of affordable and suitable housing for their clients.

SETTING THE REGULATORY ENVIRONMENT:

EXTENDED BACKGROUND PAPER

SETTING THE REGULATORY ENVIRONMENT: EXTENDED BACKGROUND PAPER

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SETTING THE REGULATORY ENVIRONMENT: EXTENDED BACKGROUND PAPER

CHANGES TO ZONING

Flexible Zoning By-Laws

The Need for More Flexible Zoning By-Laws

When originally developed, land-use regulations were intended to improve public health by preventing the noxious uses of one land site from impinging on another. Current practices in zoning have gone far beyond the original intent.

The current regulations surrounding housing development have been estimated by the Ontario Home Builders' Association to contribute approximately 25% to the cost of a new home. The restrictive nature of many zoning by-laws limit the ability of the housing development industry to respond to changes in market demand: Delays caused by the strict regulatory process prevent the development industry from adjusting to variations in market demand affected by fluctuations in things such as mortgage rates and migration patterns. The current regulatory requirements are thus costly; their reform can mean financial savings for governments, the housing industry and eventual home buyers.

Rigid regulations also put significant limits on what can be built and tends to discourage innovation in the development industry. They provide no incentive for the construction of innovative units like the "Grow Home" (a 14 foot wide house), the "Charlie House" (a design geared for conversion by the home owner), or for other innovative conversions, as the following discussion indicates.

Flexible Zoning For Conversions

In Hamilton-Wentworth there is a confusing array of regulations that determine whether a conversion is allowed. Every Area Municipality is different and all are very restrictive in where and what type of conversion is permitted. Currently, the zoning by-laws are being used in an exclusionary way that effectively prevent home conversions from occurring in almost all areas of the Region. And as the "Setting the Policy Environment: Extended Background Paper" (and the related Task Force policy recommendation) suggests, the Region should promote intensification efforts, including conversions.

The following provides an overview of current zoning regulations related to conversions in each Area Municipality. While not comprehensive or complete, the overview provides an indication of the restrictive nature of the zoning by-laws and the differences between municipalities.

i. Current Regulations For Conversions

Age of Building

Hamilton - dwelling must have been constructed before July 25, 1940 in residential zones. In commercial zones the building must have been constructed prior to March 8, 1983.

Stoney Creek - dwelling must have been constructed before January 1, 1941. If in agricultural area conversion to 2 units permitted as of right.

Dundas - dwelling must have been constructed before January 1, 1941.

Flamborough - no requirement about the date of construction. Conversions are allowed only in core areas with R-5 zoning. If in agricultural area conversion to 2 units permitted as of right.

Ancaster - no zoning provision to allow for conversions.

Glanbrook - no zoning provision to allow for conversions in urban areas. If in agricultural area conversion to 2 units permitted as of right.

Floor Area

Hamilton - minimum of 65 square metres (700 square feet).

Stoney Creek - no minimum, provided the original has a floor area of 55 square metres (600 square feet).

Dundas - minimum of 60 square metres (645 square feet) and one unit must at least be 90 square metres (970 square feet).

Flamborough - no minimum floor area required.

External Appearance

All municipalities - require that the external appearance and character of the dwelling be preserved. None allow the construction of an outside stairway other then an unenclosed fire escape.

Parking

Hamilton - 1 parking space per dwelling unit in residential areas. No requirements in areas zoned commercial.

Stoney Creek - 1 parking space per dwelling unit.

Dundas - 1 parking space per dwelling unit.

Flamborough - 1 parking space per dwelling unit.

Building Type

All municipalities - require that the building be structurally suitable for the proposed conversion.

Additions

Hamilton - must conform with the existing front, side, rear yards for the particular zone in which the building is located.

Stoney Creek - conversions cannot increase the cubic content of the original structure.

Dundas - must conform with the existing front, side, rear yards for the particular zone in the building is located.

Flamborough -

Maximum Number of Units

Hamilton - If the area is zoned for single family use then a maximum of 2 units. If the area is zoned D a maximum of 3 units. In areas except those zoned for single family and two family use, if the lot is 270 square metres, then a maximum of 3 units is allowed. If the lot is 450 square metres or greater then 3 or more units is allowed. Final number is tied to the size of the lot.

Stoney Creek - if the area is zoned RM1 then a maximum of 2 units. If the area is zoned RM2 then a maximum of 3 units is allowed.

Dundas - a maximum of 4 units.

Flamborough - a maximum of 3 units.

Lot Area and Lot Frontage

Hamilton - minimum of 270 square metres (2,900 square feet).

Stoney Creek - for conversions up to a maximum of 2 dwelling units require a minimum of 464.5 square metres (5,000 square feet), minimum lot frontage of 15 metres (49 feet). For conversions up to a maximum of 3 dwelling units require a minimum of 557.5 square metres (6,000 square feet), minimum lot frontage of 15 metres (49 feet).

Dundas - minimum of 540 square metres (5,815 square feet), minimum lot frontage of 18 metres (59 feet).

Flamborough - minimum of 610 square metres (6,565 square feet), minimum lot frontage of 18 metres (59 feet).

ii. Task Force Recommendation: More Flexible Regulations for Conversions

As an alternative to this restrictive zoning, the Task Force suggests that the decision to allow a conversion should be determined through use of a performance evaluation which determines whether things such as parking and municipal services are available to support the increase in population. This more flexible approach is a method for ensuring that the Task Force recommended policy advocating intensification can be implemented.

Listed below is a general framework that the Task Force feels should be adopted in changing the by-laws to specifically facilitate conversions:

Age of Building - should be as of right regardless of the date of construction.

Floor Area - the minimum floor area should be that stated in the Ontario Building Code. The space provided should meet all minimum standards and contain appropriate household facilities (cooking, bathing, sleeping) and have a separate entrance.

External Appearance - the external appearance and character of the dwelling must retain a residential character.

Parking - maintain requirement of one parking space per dwelling unit but allow some flexibility. (i.e. allow the conversion if the applicant can show suitable parking is available besides on-site) In areas where parking has become congested due to a large number of conversions, it is suggested that the municipality adopt a parking permit system.

Building Type - the building must be structurally suitable for the proposed conversions.

Additions - allow the construction of addition as long as it conforms with the required front, side and rear yards of the particular zone and does not alter negatively the external residential character and appearance of the building.

Number of Units - the number of units allowed should be determined by things such as the availability of parking, minimum unit size, building codes, fire and health codes, floor space and availability of municipal services. If the number of units proposed exceeds what is dictated by these considerations, then a by-law amendment and community consultation is required.

Lot area - there should be no lot size restriction on whether a conversion is allowed. The decision should be determined by things such as the availability of parking, minimum unit size, building codes, fire and health codes, floor space and availability of municipal services.

Flexible Zoning For Special Needs Housing

In terms of special needs housing, the large difference between Area Municipalities in their requirements on radial separation distance between group homes (listed below) highlights that there is limited justification for any requirement about a minimum radial separation. Two recent court decisions by the Supreme Court of Ontario and the Manitoba Court of Appeal suggest that any restriction on the location of special needs housing violates the federal Charter of Rights and Freedoms and effectively limits the ability of residents in this housing to live in all areas of their community. On the other hand, if the Municipality does not maintain some limit on radial separation, it has no mechanism for preventing the concentration of special needs housing in one area of the Municipality.

i. Current Regulations for Special Needs Housing

The following is an overview of current regulations for special needs housing in each Area Municipality:

Radial Separation

Hamilton - at least 180 metres.
Stoney Creek - at least 800 metres.
Dundas - at least 275 metres except retirement homes which have a requirement of at least 150 metres.
Flamborough - at least 1000 metres (1 kilometre).
Glanbrook - no provision in zoning bylaw
Ancaster - no provision in zoning bylaw

Maximum number of Residents

Hamilton - a maximum of six residents.
Stoney Creek - a maximum of six residents.
Dundas - a maximum of six residents for group and lodging homes and a maximum of 16 residents for retirement homes.
Flamborough - no maximum, number of allowed residents is related to the floor area in the building. A minimum of 20 square metres (215 square feet) of gross floor area is required for each resident.
Glanbrook -
Ancaster -

Parking

Hamilton - at least 1 parking space for every 3 residents.
Stoney Creek - at least 3 parking spaces must be provided on site.
Dundas - if lodging home at least 1 parking space for every 2 residents, if group home at least 1 parking space for every 3 residents, if retirement home need 1 space for owner, 1 parking space for every 2 employees and 1 parking space for every 6 residents.
Flamborough -
Glanbrook -
Ancaster -

ii. Task Force Recommendation: More Flexible Regulations for Special Needs Housing

The Task Force believes that existing regulations effectively exclude the people that reside in special needs housing from being able to live anywhere in their community. All areas of the Region have a responsibility to provide the opportunity for all people to live in any given neighbourhood, as the Task Force goal of 25% affordable housing states and as other Task Force policy recommendations re-assert. The facilitation of housing for special needs populations is also central if the Region is to adhere to the Task Force Guiding Principle that recognizes the housing needs of the most vulnerable groups in the Region.

A recent Ontario Human Rights Commission board of inquiry ruling that group homes for former psychiatric patients cannot be barred from condominiums by corporation by-laws supports the Task Force argument that regulations surrounding special needs housing warrant re-consideration.

Listed below is a general framework that the Task Force feels should be adopted in changing the by-laws to facilitate the creation of special needs housing such as lodging homes, group homes, retirement homes, residential care facilities and domiciliary hostels, making requirements less restrictive in the demands on location and the maximum number of residents:

Radial Separation	-	should be a minimum of no more than 180 metres.
Maximum Number of Residents	-	the maximum number of residents should be controlled by things such as health, safety and fire codes and the ability of municipal services to handle the increase in population.
Dwelling Type	-	the house must be structurally suitable for a conversion to a group home and must be licensed or approved under Provincial Statute.
Parking	-	must be suitable parking available on site for both residents and employees. The decision on the needed amount of parking should be made application by application with no specific requirement written into the zoning by-law. The decision about the required amount of parking should be sensitive to the likelihood of car ownership and use by the eventual residents.

Re-Affirming the Need for Flexible Zoning in the Future, and Creative Use of Zoning in the Present

If a flexible zoning by-law were adopted it would also allow a mix of dwelling types and create better opportunities for the construction of smaller low cost affordable housing and for greater income integration of households. Many zoning by-laws tend to discriminate against lower income households and non-traditional households by requiring large minimum lot sizes, large minimum house sizes, and by limiting uses to single family. Further, the failure to revise zoning by-laws over time frustrates the natural process of redevelopment in neighbourhoods where the original zoning designation is no longer appropriate to the market determined uses for the area.

While the new home market is not the primary source of units affordable to first time buyers, over time many households will still be eliminated from the housing market if affordable starter homes cannot be constructed. Minimum standards for lot size, square footage, density, conversions, etc. must be low enough to allow modest housing to be constructed. This is important not only because it lowers the cost of new housing, but also because this new housing will be the source of affordable resale housing in the future.

In the interim, while such flexible zoning by-laws are being studied by the committee recommended by the Task Force, the Task Force suggests that Area Municipalities be encouraged to permit creativity in the use of current by-laws as a method to facilitate affordable housing construction.

* *

Federal/Provincial assistance in the development of more creative zoning by-laws would be to initiate a review of the Ontario Building Code (including the regulations that govern the occupancy of semi-finished structures - other legislation may also need review in this regard) and a review of the current standards on building materials, and the Task Force recommends that requests be made for both these reviews.

* *

Density Bonusing

Another method of changing the zoning barriers to affordable housing is to allow for bonusing. Bonusing is permitted under section 36 of the Planning Act. Subsection 36(1) reads as follows:

> "The council of a local municipality may, in a by-law passed under section 34, authorize increases in the height and density of development otherwise permitted by the by-law that will be permitted in return for the provision of such facilities, services or matters as are set out in the by-law."

As a result of section 36 of the Planning Act, Area Municipalities may, through enabling Official Plan policies, provide for increases in height and density of new commercial (or industrial or residential) development if affordable residential units or money or land for affordable housing is provided. This could serve as an incentive for the inclusion of affordable housing in a developer's plan. This could only occur when a proposal for new commercial development exceeds existing by-laws. The City of Toronto has used section 36 extensively to acquire land for housing. Bonusing works in Toronto because the cost of land makes it prohibitively expensive to develop at the densities established in the by-laws and because there has been a strong market for development in recent years.

Other programs, directly 'linking' commercial development to housing development have also been used in some cities in the United States. In San Francisco, for example, officer developers were required to provide a specified amount of affordable housing, based on the office building size. The housing obligation was calculated at the time of issuance of building permits using a formula which was developed in a study of the implications of downtown office growth in the housing market. Office developers could build housing themselves or contribute to a housing development that would not otherwise be possible "but for" the special financing provided by the developer. The limitations of bonusing as a method for providing opportunity for affordable housing construction are that the Region has no direct control over bonusing, and many commercial developments do not require rezoning. Also, allowing higher densities than provided for in the zoning by-law may have negative implications. The Task Force recognizes that density bonusing is a practice that must be exercised with discretion and care in order to avoid over-application or possibly detrimental effects on surrounding neighbourhoods. However, bonusing is an attractive option because it requires no changes to Provincial legislation, and some municipalities (eg. Toronto) have used this method to generate considerable sums of money.

Enforcement

The suggestion for more flexible zoning by-laws in order to facilitate affordable housing construction does not imply a lessening of standards. The Task Force recommends that Area Municipalities be encouraged to be more stringent in enforcing by-laws, increasing fines for contravention and vigorously applying fire, health and safety codes.

* *

Provincial assistance recommended by the Task Force is a proposed change to the Building Codes Act (Bill 103) and to the Health Regulations Act to enable building and public health inspectors the right to gain entry with due process, including written notice, to dwellings to ensure that building regulations have been followed.

* *

Inspection Program That Respects the Rights of Tenants

The review of the regulatory environment as a means of facilitating the Task Force policy recommendation promoting intensification necessarily raises the issue of how illegal conversions should be addressed. Conversions may sometimes be substandard and unsafe places of residence. Often the people living in these units are low income households who are unable to compete in today's tight rental market. As stated above, the Task Force advocates strict enforcement of by-laws, to ensure that conversion units are safe and adequate places to live. But the Task Force also advocates the consideration of tenants' needs when this enforcement takes place. Hence the Task Force recommendation that Area Municipalities develop a program for inspection that would consider these needs, including a consideration of requiring landlords to find alternative residential accommodation for the displaced tenant, or provide financial reimbursement for costs of relocation, where appropriate. It should be noted that Provincial legislative change is needed to enable this approach at the local level, and the Task Force recommends that a request be made to the Province (see below) for this change.

Example Program:

o City of Winnipeg Core Area Residential Upgrading and Maintenance Program (CARUMP) operates as a mandatory code inspection and enforcement program with a unique variation. It combines code inspection and enforcement with social support services. This program initiative recognizes that solving a housing problem often means dealing with related tenant issues at the same time as building issues.

Initiated in 1983, the goal of CARUMP is to improve the condition of housing stock by enforcing compliance of code infractions while recognizing the social dimension of the problem. The program was developed in recognition that tenants can be caught in the middle of landlord-inspection disputes.

Under the program, block by block inspections of substandard dwellings are carried out in selected neighbourhoods using an inspection team. The inspection team is made up of a Property Standards Inspector, a Social Worker, and a Home Support Teacher. The team identifies City by-law and Manitoba Public Health Act violations. CARUMP has the authority to issue orders for dwelling repair, to help relocate tenants from substandard units, and encourage landlords to access provincial renovation subsidies. The social worker may intervene if there are problems between the tenant and landlord and may also provide social or other assistance as required. The Home Support Worker when required works directly with the tenants to improve family living and home management skills. This service is provided because many of the tenants have recently moved to Winnipeg from northern Manitoba and may be having difficulty adjusting to living in the City.

CARUMP staff also conduct workshops for landlords, tenants, community groups, schools and government agencies.

Although a relatively successful program CARUMP has been hindered by the low amount of the fines which the City has been able to levy against non-complying landlords and home owners. This reduces the effectiveness of the sanction.

CARUMP is a program specially designed for the situation in the City of Winnipeg. It is unique in that it is the only by-law enforcement program that attempts to address the needs of the tenants. Although not completely transferable to Hamilton-Wentworth, it offers ideas that could be applied and used to deal with the problems of substandard units in the Region.

It is hoped that the zoning changes recommended by the Task Force would also facilitate the supply of legal conversions, and this too could help alleviate the problem of high demand for substandard units, and the ensuing difficulties that arise when tenants are forced to leave these units.

* *

Provincial assistance recommended by the Task Force to facilitate the suggested Area Municipal inspection program is for a change in legislation to give Area Municipalities the ability to charge owners in violation of the relevant codes, when it is necessary, the costs of relocating tenants.

* *

CHANGES RELATED TO THE RENTAL HOUSING PROTECTION ACT

Regional Guidance for Area Municipality Implementation of the Act

The Rental Housing Protection Act, 1989 is Provincial legislation that prohibits demolition or conversion of rental property unless the Council of the municipality in which the property is situated grants approval. It also requires Council approval for renovation and repair if such activity requires vacant possession of a unit. Under the Rental Housing Protection Act, approval can be granted if Council is of the opinion that:

Criterion No. 1	the building is structurally unsound; or
Criterion No. 2	the applicant will a) provide the same number of new rental units, in a similar rental range and in the same area as those for which approval is give; and b) provide rental accommodation in the same area of similar quality and rent to tenants required to give up possession of a rental unit as a result of the proposal; or
Criterion No. 3	the proposal does not adversely affect the supply of affordable housing in the municipality.

The Rental Housing Protection Act applies only to municipalities with populations of 50,000 or more in so far as demolitions, conversions to non-residential uses, and renovations and repairs are concerned. Prior to 1989, the Act applied to Area Municipalities of 25,000 or more and therefore Stoney Creek was included in the provisions of the Act. The Act was changed because there had been few applications from smaller municipalities, and the Act was considered to pose more of an administrative burden to smaller municipalities than larger ones. The only provisions of the Rental

Housing Protection Act which apply to Area Municipalities outside of the City of Hamilton are those concerning conversion of a rental property to a cooperative or condominium.

The Provincial Regulations do not currently assign a priority or ranking to Criteria No. 2 or No. 3 if Criterion No. 1 is not met. As a result, Criterion No 3. is the one that has been most often used by Council in Hamilton in granting approval under the Act. The Task Force therefore makes the recommendation that the Region include criteria in the Regional Official Plan to guide Area Municipalities in developing local guidelines: Referring to the criteria stated above, Criterion No. 2 should have priority over Criterion No. 3. When Criterion No. 2 is not used, Criterion No. 3 should be used creatively, utilizing tool such as cash-in-lieu, partnerships with non-profits, density bonusing, and rental of units under the Rent Supplement Program.

The advantage of this Regional initiative is that local Councils may be more inclined to use Criterion No. 2 if there is a clear Regional policy that ranks the Act's criteria. Clearly, Provincial legislative change demarcating the required order of the criteria is the best method to change local implementation of the Act (and the Task Force suggests this request should be made to the Province - see below). But even in the absence of Provincial legislative change, the Task Force believes that setting a series of Regional guidelines for Area Municipal interpretation of the Act would still represent an effort to better protect the rental stock in Hamilton-Wentworth. The suggested ranking also provides opportunity for local response to applications, so municipalities are encouraged to generate creative solutions to the threat to existing affordable rental stock. Finally, the stricter requirements put the onus on the developer to replace affordable units lost through demolition, renovation or conversion.

Example Program:

o Some Municipalities in Ontario have developed local policies which deal with the criteria. For example, the City of Toronto has a policy which states that: "mandatory approval Criterion No. 2 have priority over No. 3 and that, failing compliance with Criterion No. 2, Criterion No. 3 will be interpreted very strictly." It is also policy that "as a general guideline, rents exceeding those of rental units to be removed from the existing housing stock by more than 10%, will not be considered similar rents within the meaning of the second approval criterion of the Rental Housing Protection Act, 1989 (Ontario Regulation 586/89)."

  Council of the City of Toronto is currently reconsidering the application of approval Criterion No. 2 in cases of renovation and repair where current rent is below the CMHC average market rent and where work is required to bring the property to the level of the Housing Standards By-law. In these cases, approval Criterion No. 3 would be applied with the conditions that the post renovation rents would be no higher than the lower of CMHC average market level or the maximum allowed under Rent Review. Where CMHC is lower than that allowed by Rent Review, the CMHC rent, with statutory increases, would be maintained for a specified number of years. Moreover, where units in the buildings to be renovated are occupied, landlords would still have to relocate tenants in accommodation in the same area of similar quality and rent (not to exceed a 10% increase). Following renovation of the building, the tenants would be offered right of first refusal to return to the original building at the higher rent. This approach attempts to acknowledge the age and condition of buildings and the need to extend their usefulness while at the same time providing some protection for tenants.

The difficulties associated with the changes proposed by the Task Force are that they could be hard for the Region to promote, as well as hard for smaller municipalities to administer. The change could discourage investment and limit redevelopment, and might even encourage retention of substandard units as rentals, especially with new rent regulations on capital improvements. Further, the final local Council decision on applications remains political. The Toronto scenario above may not work in other cities, due to pressure for redevelopment, land costs, etc. Finally, there is at present no legislative authority for cash-in-lieu.

* *

For this last reason, as well as in the hope of making the Act consistent throughout the Province and to address some of the difficulties of only providing Regional guidelines, the Task Force recommends that **Provincial assistance** take the form of legislating the proposed ranking, so that Area Municipalities must adhere to the order suggested (this a step beyond the 'guideline' approach the Task Force suggests for the Region). The Task Force recommends that the Province should also be requested to expand the application of the Act to all Area Municipalities, to better protect rental units in small as well as large centres.

* *

Local Records of Applications Under the Act

In Ontario, there have been 386 applications (10,053 units) under the Rental Housing Protection Act (1986 and 1989). The status of applications, in terms of the number of units affected, is: 5,432 units approved and 1,259 units refused, with the balance pending, withdrawn or not subject to the Act. In Hamilton, there have been 15 applications (193 units) under the Act. The status of applications, in terms of the number of units affected is: 91 units approved and 6 units refused, with the balance pending, withdrawn or not subject to the Act. The ratio of units approved to refused under the Act is 15:1 in Hamilton compared to 4:1 in Ontario.

The Task Force recommends that appropriate Area Municipal Departments report to Local Councils annually on the status of applications under the Act to date and during the past year, and on the criteria used in granting approval and/or other conditions attached. This supply of information is one method of appraising Area Municipalities of the cumulative effect of Council decisions made under the Act, so a Regional picture can be formulated. While such information would not necessarily result in different decisions, it nevertheless would ensure an overall assessment is made possible, and that Regional trends and concerns could be identified. This overall picture could itself possibly produce different local responses to applications under the Act.

Monitoring Units Lost Through Demolition, Conversion, and Expropriation

A process to monitor the price and location of affordable units lost through demolition, conversion, and expropriation is a necessary corollary effort to the changes to the Area Municipal implementation of the Rental Housing Protection Act proposed by the Task Force. If such information were on record, local Councils could make knowledgeable decisions when presented with new applications under the Act. Councils would have the wider picture of trends and patterns in their communities, and this could significantly affect their deliberations.

CLARIFYING AND STREAMLINING THE REGULATORY PROCESS

A Procedural Manual; Reviewing the Process Regularly

Beyond the regulations themselves, the complexity of the regulatory process may also present a formidable barrier to affordable housing efforts. The Task Force suggests that providing adequate information about the regulatory process (through the development of a procedural manual), and reviewing this process regularly, are both methods to remove the barriers of process. A more comprehensible, efficient process means potential developers could be more likely to pursue their ideas.

Encouraging Application for CHMC A.C.T. Grants to Review the Regulatory Process

As a method of encouraging attention to the whole regulatory process, and to aid in its clarification, municipalities have the ability to review planning and development requirements to make it easier to develop innovative housing forms. "Affordability and Choice Today" (A.C.T) is an initiative sponsored by CMHC with the cooperation of the Federation of Canadian Municipalities, the Canadian Home Builder's Association, and Canada Housing and Renewal Association. It is designed to foster regulatory reform at the local level, where the majority of land and housing regulations are established and enforced. A.C.T will provide grants of up to $20,000 to demonstration projects to finance feasibility studies, design and approval costs, or documentation costs. Participants (eg. building inspectors, Area Municipalities, Region, citizens, developers, etc.) are on board from the start. The grant is not intended to offset the normal costs of construction. A municipality, a non-profit housing association or the building industry can apply. Funds are limited and proposals must fall within specific program guidelines.

The demonstration building or development could introduce one or more of the following modifications to regulations:

- more cost-effective land development and servicing standards (e.g. reduced road widths);
- more cost-effective production/construction technology (eg. use of innovative materials and construction techniques;
- better utilization of existing housing stock (e.g. renovations, conversions);
- more effective use of land (e.g. intensification, higher density housing); and,
- the provision of atypical housing forms which meet the needs of the community (e.g. garden suites, accessory apartments and manufactured housing).

The following are example projects that focus on the kinds of regulatory reform that A.C.T. grants sponsor.

Example Programs:

- The City of Hamilton "endorsed" the CHARLIE project. CHARLIE is a made-to-convert demonstration home which would not normally be a permitted use in the City. The home was constructed when the Hamilton and District Home Builders Association hosted the Canadian Home Builders' Association Conference. The project was a mixed success, since the construction of the CHARLIE house did not result in the establishment of new zoning, or in requests for rezoning, and the raffle of the house resulted in the highest bidder paying $150,000 for the unit, exclusive of land.

- o Another example of municipalities providing flexibility through zoning on a demonstration basis occurred when the Province sponsored a 'Garden Suite' demonstration project. This project required that municipalities enter agreements to allow a temporary use on a residential property. The Cambridge Home Builders' Association is currently involved in another such project. The project involves construction of a single family house with potential to expand. The City provided land "at cost". The land is an infill lot in an existing neighbourhood. Ongoing coordination with the City is occurring to make the necessary agreements with respect to set backs, square footage, lot width and opportunities for future development.

As a Regional 'option', the limitation of such a method to facilitate affordable housing projects is that the Regional role in zoning and detailed land use planning is limited. Nevertheless, the A.C.T. program does have potential to alter some aspects of regulatory control at the Regional level.

Fast-Tracking Affordable Projects

Another method recommended by the Task Force to ease the regulatory process and its complexities is to fast-track affordable projects through the approvals process. A technical consultation group designed to assist developers with their applications could be the vehicle to foster this fast-tracking. Such preferential treatment for these projects is regarded by the Task Force as a form of "affirmative action" for a housing form (affordable) that simply has not, to date, been provided with adequate opportunity. The opportunity for early exchange of information between developers and a team of appropriate Regional and Area Municipal representatives would not only increase efficiency, but could lead to better understanding of a project (from all perspectives) early in the process.

* *

The Task Force recommends that **Provincial assistance** for clarification and streamlining of the regulatory process could be provided if the Province were to take immediate action on making the Provincial process more efficient. To this end, the Task Force recommends a Provincial review of the land use process in relation to socio-economic influences, a review of the procedures of the OMB (affordable projects should continue to receive priority when scheduled for hearings), and an improved response capability on the part of Provincial agencies involved in affordable housing projects to things like applications for approval and other procedural steps that must be taken. While a certain amount of fast-tracking of affordable projects is taking place at the regional office level of Provincial ministries and agencies (for example, the current "quick start" development projects under the HOMES NOW program), the Task Force suggests an overall increase in response capability is needed.

* *

PROVIDING MORE BACKGROUND INFORMATION AND RECORDS

A Servicing and Road Capacity Report

The effort to provide more extensive and more accessible background material and records is another method of assisting affordable housing developers in their effort to understand and be equipped to deal with the regulatory process. The Task Force suggests that the kind of information contained in a report assessing servicing capacity, community facilities, parkland, parking etc. in the built-up urban areas of the Region is integral to developing a coherent strategy to promote and justify potential intensification efforts. This report could also suggest a series of development scenarios based on different assumptions about urban development patterns. Both developers and neighbourhood residents could feel more positive about the opportunities for conversion, infill and redevelopment if information in such a report were to reassure them that infrastructure services are sufficient to cope with increased population densities.

* *

A final regulatory area that is currently under review at the Provincial level is the rent control system. The Task Force suggests that the Province should be asked to acknowledge three main issues in its present review: the necessity of protecting tenants from unfair or unsafe rental practices and unaffordable rent increases; the pending maintenance crisis in the existing stock of rental housing; and the lack of new private rental construction. The Task Force further suggests that the Province should be requested to acknowledge that rent control cannot be dealt with in isolation from other housing issues. Housing policy should be developed in a comprehensive manner, with rent control a component of an overall strategy. The Province should also be requested to recognize that the objective of a comprehensive housing policy should be to provide new and more choices for people. Among the choices that could be considered is the concept of a targeted shelter allowance with a cap. Finally, the Province should be requested to recognize that, in arriving at a comprehensive Provincial housing policy, there is a need for regionalization. The Province should allow/enable different regions of the Province to have greater authority and control in determining how to resolve rent control related issues in their respective areas according to their specific needs. The Province should request serious public participation in this effort. These Task Force perspectives were all developed by a Task Force sub-committee specifically assigned to consider the issue of rent control.

OFFERING ASSISTANCE:

EXTENDED BACKGROUND PAPER

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General Public Participation Principles for Community Involvement in the Planning Process

The Task Force believes, in keeping with its Guiding Principle that emphasizes bottom-up community development in the resolution of housing issues, that the Region should have express commitment to public involvement strategies in all of its housing-related activities. The recommended principles would serve as a more detailed consideration of the notion of public participation that is already included in Section 14.11 of the Regional Official Plan.

These recommended public participation principles should be regarded as a broad perspective that particularly informs the Task Force recommendations for community development and community-based responses to affordable housing (as discussed in this paper and the "A Recommended Vehicle for Regional Involvement in Housing: Extended Background Paper"). The background for these principles follows in this paper.

Even further, the Task Force strongly endorses the recognition of the intent of these principles in the implementation of all Task Force recommendations since many of these call for greater community involvement in housing issues. The series of public participation principles should therefore constantly serve as a reference for the work that follows the completion of the Task Force.

A Foundation for the Public Participation Principles

The Task Force adheres to a perspective on community involvement that informs its 'General Public Participation Principles'. The following is a brief discussion of this perspective.

A community should have both the capacity and the responsibility to identify and resolve problems that diminish the quality of life among its citizens. Implicit within this belief is the notion that all citizens should have the opportunity to participate equally in this problem solving process. To be effective in this capacity, citizens must have systems available to them that allow for and facilitate community-based decision making.

Such an environment promotes democratic community processes, it represents respect for fundamental human rights, and it recognizes the dignity and self-worth of all people. For all these reasons, public participation processes should be employed so that all citizens have maximum opportunity in their society, and so they are encouraged to be effectively involved in the social issues that concern them. To facilitate this kind of involvement in the planning process, specific public participation principles are recommended by the Task Force.

The Principles:

i. Proper Information and Notification

Participation should be a continuous process, just as the planning process is continuous. Environment scanning is a critical element of the policy development process, and it is used routinely to provide information on an ongoing basis to community members. The Task Force recommends that the purpose of such scanning should be to involve community members in a process that identifies trends, events and developments (past, current and future) which reflect broad social, economic, political and technological change of importance.

Community response to a continuous flow of information on potential changes to the community will often be to examine and consider this information and, when appropriate, to begin to define a response to it, including identification of goals so that actions can be taken. The Task Force emphasizes that this exchange of information between government and community should be continuous, so that there are no surprises to the community when changes are being planned.

ii. Appropriate Opportunities for Consultation

Participation processes should enable communities that feel the impact of new proposals to work out their responses through a process of organization, planning and action. An effective public participation process requires that the broadest possible involvement takes place. To ensure that appropriate opportunities are provided for public consultation to occur, community members themselves should be involved in preparing a public participation program. In this way, they can specify the program's objectives and can define the particular information and public education requirements needed.

iii. Unbiased Reporting of Consultation Results

In order that a participation process may work successfully, a plan for its eventual evaluation must be devised at the outset. The commitment to such an evaluation should be written into the objectives of the participation program. Further, the public should be involved in the design of this evaluation. Part of this evaluation should be an assessment of whether the results of the public participation process have been adequately (and in an unbiased fashion) reported to those who will use the information in the planning process.

iv. Clarity and Timeliness of Information

Participation programs must provide every individual who is affected by proposed planning changes with an equitable opportunity to participate in the planning process. To meet this objective, community members must be provided with information in a clear and timely fashion.

v. Community Definition of Community Needs; Provision of Appropriate Information and Resources

Citizens must understand how their input will be considered, and they must believe that this input will influence and even change planning decisions. The participation program must seek to identify relevant public concerns and values as well as seek resolutions to conflicts that arise from proposed planning changes. Citizens and developers should work together in resolution-building, but community members should be encouraged to define their own concerns, and to suggest their own solutions, free from coercion. They should be provided with appropriate resources and information to do so effectively.

vi. Using Community Expertise

A participation process can be successful in meeting its objectives if the process is fair and reasonable and it carries credibility within the community. To establish this credibility, the public body sponsoring the program should provide information and consultation to members of the community in order that they may develop and use their own expertise. Further, when possible the form and process of the public consultation process should be developed in collaboration with the public and with community members and agencies who have related experience.

vii. Notification and Consultation to Recognize Different Language Needs
The Hamilton-Wentworth community incorporates members with a wide range of communication styles and languages. It is important to devise participation programs that recognize and account for these different languages and communication needs.

Specific Methods for Community Involvement in the Planning Process

The broad, general principles for public involvement outlined above require a change of orientation from the current, government-based planning system. In order to initiate this shift in perspective, the Task Force recommends a pilot project consisting of a series of neighbourhood based planning committees that would examine affordable housing (and other interrelated) issues as they exist in particular communities, and then define neighbourhood-based actions for addressing these issues.

This project would provide experience in neighbourhood-based planning for both citizens and government, and evaluation of the project could suggest methods for more permanent community participation in Regional planning activities. Project results should be widely circulated. The project could also serve as a model for solving other community issues (public health, transportation/traffic, social services etc.), many of which are linked to housing concerns.

Encouraging a Community Development Approach to Housing Issues, Including Neighbourhood Revitalization

Further to adhering to public participation principles in the planning process, and re-evaluating the very basis of this process (both discussed above), the Region has the opportunity now for acting as a conduit for community development in relation to housing issues, and even more specifically in the revitalization of certain neighbourhoods.

Neighbourhood Rehabilitation

The maintenance of the existing stock of affordable housing is particularly salient given both the lack of new rental units being constructed and the relative "affordability" of many existing units in rooming and boarding houses, plexes, single detached units and low and high rise apartment buildings. The maintenance of the existing stock is also important because it supports neighbourhoods and infrastructure investments that have already been made. Affordable units in the existing stock may be lost through demolitions, conversions, rental increases above rent review guidelines, and rapid increases in the costs of ownership housing, all factors which contribute to the affordability crisis.

Community participation is critical in the effort to revitalize and maintain existing stock. The Task Force therefore recommends a strategy for community initiative and response to the revitalization and affordability 'crisis'. Through a community development approach to revitalization, residents would be involved in the process of deciding what happens to their neighbourhoods.

The current planning process has tended to operate in a confrontational manner. Usually local residents have only one opportunity to express their concerns about a proposed development: through public meetings for a zoning change or minor variance. The public's options tend to be limited to either stopping or permitting the proposed development. There is limited opportunity for compromise or change at these public meetings.

Adoption and continued use of participatory models would increase the opportunity for compromise rather than conflict. If a developer of an infill or redevelopment project could meet and discuss the proposal with the neighbourhood residents, the residents could be made aware of the project and have the potential to influence its design. Regional, Area Municipal, and citizen representatives could work together in formulating innovative and neighbourhood-specific responses to the aging existing stock.

Further, a local approach to rehabilitation and repair of the existing stock and revitalization of neighbourhoods is preferred to a "top down" approach. A neighbourhood approach to rehabilitation and maintenance could contribute to a long term answer to the affordability problem. It could provide individuals with skills to help themselves, thereby reducing long term dependence on institutional solutions. The physical design of affordable housing could become more focused on tenant and low income home owners needs. Local organizations and agencies should therefore be encouraged to take fuller advantage of programs available to promote local rehabilitation and repair.

A potential difficulty in this community-based model is that tenants and citizens may have trouble in acquiring the necessary expertise (such as building code familiarity, knowledge of methods of financing, understanding of quality control issues). There may also be legal ramifications to a local rehabilitation and repair centre. Finally, purchasing existing rooming and boarding houses does not increase the supply of affordable housing, and may even remove previous tenants from their 'affordable' situations.

In order to complement the proposed community efforts, and to promote infill and redevelopment as methods of revitalization, the Region and Area Municipalities could take actions that would improve the image of the area being revitalized. Applications to provincial PRIDE programs should be encouraged and continued. A visible commitment by the Region in infrastructure upgrading would help improve the image of neighbourhoods as well. For further background on infill, redevelopment, and other aspects of intensification, please refer to the "Setting the Regulatory Environment: Extended Background Paper".

* *

Federal and Provincial Initiatives to complement community-based efforts at revitalization are important as well, to ensure that the problem of deteriorating existing stock is being treated from all angles, and to give extra impetus to the neighbourhood-based solutions described above. The Federal and Provincial initiatives recommended by the Task Force are as follows:

Provincial Assistance for Community Efforts at Rehabilitation and Repair: Revised Guidelines for the Ontario Home Renewal Program

There are 98,667 owner occupied residential units in Hamilton-Wentworth, of which 87% are single detached, 5% are semi detached, 4% are row condo and 1% are farm residential. The remaining owner occupied units are primarily plexes and apartment condominiums. Forty-two percent of owner occupied singles, 51% of owner occupied semis and 70% of owner occupied farm residential units were constructed prior to 1960. In contrast, 94% of row condo/freeholds were constructed after 1960. The age of the owner occupied stock in Hamilton-Wentworth makes rehabilitation and maintenance a pressing issue.

The Ontario Home Renewal Program provides loans of up to $7,500 to households with incomes of $21,000 or less. Only one unit over the life of the house is allowed, and interest rates on loans vary from 0 to 10%, depending on household income. The number of owners in the City of Hamilton benefiting from the Ontario Home Renewal Program declined from 327 in 1976 to 1 in 1989. Other municipalities also had some initial success in delivering the program - Ancaster has administered 110 loans, Flamborough 26, Glanbrook 33, and Stoney Creek 59 - but a shortage of allocations and a failure to change program guidelines since 1981 have affected take up throughout the Region.

The Task Force recommends that the Province be requested to revise the Guidelines for the Program, to make it more effective, to assist needy households in maintaining property standards, and to ensure that owner occupied stock in the Region is preserved.

Provincial Assistance for Community Efforts at Rehabilitation and Repair: Reserve Funds for Rental Unit Rehabilitation and Maintenance

The rehabilitation and maintenance of existing rental stock is essential in preserving the availability of existing affordable units, but the cost of paying for this preservation has been problematic. In the past, many of the costs of renovations were passed on directly to tenants through the rent review system. The Task Force recommends that the Province should be requested to introduce legislation that would require the landlord to cover some of the costs of rehabilitation out of regular rental payments, by requiring the establishment of a reserve fund for these purposes. This would ensure that some of the costs for rehabilitation projects are immediately available. It would also require that tenants and landlords share the costs of rehabilitation.

A difficulty with this scheme is that the Provincial government recently proposed changes to the Rent Review Legislation which would eliminate the possibility of landlords passing on any costs of rehabilitation to tenants for a period of two years, retroactive to November 1990. This legislation has been criticized by tenants, landlords and construction trades for the impact it will have on investment in the maintenance of the rental stock. Furthermore, the costs of reserve funds could likely be picked up by tenants. There could also be possible opposition to the idea from tenant groups who might argue 'Why should we pay for something that might not affect us?' Further, if reserves are wiped out on the sale of a unit, or if reserves are frozen, this may add an artificial component to the sale price of a unit. Finally, the reserve fund idea is only one part of a solution to a large problem, and will not be sufficient to address situations where rehabilitation needs are extensive (particularly in older buildings).

For these reasons, the Task Force also recommends that other requests (below) be made to the Federal and Provincial Governments for assistance, as further acknowledgement of the real necessity of rehabilitating and maintaining the existing rental stock.

Provincial Assistance for Community Efforts at Rehabilitation and Repair: Programs to Assist in Rental Unit Rehabilitation and Maintenance

As just discussed, rental units in need of repairs have had little assistance available to cover costs. The Task Force recommends that a request be made to both Provincial and Federal Governments to introduce and expand rehabilitation and maintenance assistance programs for all rental units.

Even more specifically, high rise rental buildings in Hamilton-Wentworth are aging and in need of repair. There are 30,497 units in rental buildings with six or more stories. This represents approximately 75% of all units in rental buildings with six or more units. Rental units provide accommodation to many low and moderate income households. Approximately 24,700 households (42% of all rental households) had 1985 incomes of less than $15,000 and 18,230 households (31% of all rental households) had 1985 household incomes between $15,000 and $29,999. High rise rental buildings in Hamilton-Wentworth are aging and in need of repairs. Forth-two percent of units are in high rises constructed between 1961 and 1970 and another 42% are in buildings constructed between 1971 and 1980.

The Province conducted a detailed study of five high rise apartment buildings in Ontario plus a hypothetical building. There was a cross section of buildings, in terms of tenure, size, age and estimated cost of conservation. Cost estimates for rehabilitation ranged from $2,000 to $4,000 per unit in 1982 for a cost of up to $6 billion in 1982 dollars to rehabilitate high rise rental apartments in Ontario. In Hamilton, the total cost for rehabilitation would be as much as $120 million, based on these figures. On the other hand, constructing a non-profit high rise rental building would cost three to six times as much. A study conducted by the City of Toronto in 1986 concluded that conservation of high rises would be expensive, but less than the cost of constructing new buildings, and that private and public investment in existing buildings should be protected.

CMHC recently terminated the Residential Rehabilitation Assistance Program (RRAP) Rental. There had been poor take up on this program in Ontario, where a Provincial programme (albeit exclusively for low rise rentals) also exists. The Federal Program worked well in other parts of Canada. Grants under this program were geared to below-market rent units (as established by CMHC). Owners had to submit to Federal Rent Controls and owners were reluctant to do this because of Provincial Rent Controls.

The Provincial government has a program to provide loans to rehabilitate high rises "on the books". This was to be a demonstration program to apply in three municipalities, including Hamilton, but it was never funded. One problem is the magnitude of the problem in Ontario cities. For example, a recent North York study indicated that a total of 729 parking garages were inspected and over 420 required structural repairs. The estimated cost of repairs is over $4,000 per bay and the repairs may last only 3-5 years. High priority should be given to developing technology to fix the parking lot problem.

There is therefore no current program to assist in the rehabilitation and maintenance of the high rise rental stock, and the Task Force believes this should be addressed by the Federal and Provincial Governments. Such a program would assist in rehabilitating a large number of buildings, thus preserving and conserving the rental stock for the future. Fixing buildings now will be less expensive than fixing in the future when major deterioration has occurred. While the funds from the program would not necessarily be directed at affordable units (the purpose of the program would be to maintain stock, not to provide assistance to tenants), almost all units in older rental buildings tend to be affordable. As a note of caution, efforts would have to be made not to let the fund become a reward for landlords who practice poor maintenance.

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Further Regional Community Development Initiatives: Rent-to-Own Home Ownership Option

The community development approach to resolving neighbourhood issues can also lead to the creation of specific, community-based initiatives within the Region.

Rent-to-Own Entry Option for Home Ownership

Given the inability of approximately one-third of the Region's households to enter the home ownership market, the Task Force believes that one area that holds particular potential for exploration is the idea of a community-based, self help entry option for home ownership where low income households could rent-to-own.

It is estimated that approximately 26% of all households in the Region have an annual income that is probably too low to allow them to enter the home ownership market. Approximately one-third of these households are capable of competing in the current rental market but do not have an income that would allow them to buy the average priced ($130,000) starter home in the Hamilton CMA.

Rent-to-own housing programs provide households without cash for a down payment with the opportunity to rent with an option to buy. The rental period can be used to save for a down payment and to develop home maintenance and financial skills. Because of the low income of households involved, the households may also require assistance with obtaining mortgage financing once the rental period is expired. The sale of the home to the low income household can be accompanied by a covenant which limits capital gains upon sale and which guarantees the sponsoring organization first option to buy.

Sweat equity is the principle of providing low income households with the opportunity to develop equity in their home through the use of their own labour, as well as through the use of volunteer labour and donated materials. Sweat equity is often an important component of rent-to-own housing programs, as it keeps costs down and contributes to a sense of ownership and community spirit. For example, many rent-to-own programs require that new owners put in at least 500 hours of sweat equity.

The availability of rent-to-own housing programs is limited in Canada. CMHC operates a rent to own program for rural communities with a significant native population. Households may buy a unit for a down payment (equity or sweat equity) and CMHC takes back the mortgage for the balance. The household's share of payments is based on household income, with subsidies covering the difference between the household share and actual mortgage costs.

Example Program:

o In the United States, grass roots organizations have pioneered the use of rent-to-own housing programs. Cleveland Housing Network is an example of an umbrella organization of nine neighbourhood groups working in inner-city neighbourhoods in Cleveland. They use a mix of financing arrangements to make the rent to own program work. Public and private contributions to projects vary according to government policy and economic conditions. Also, householders' right to equity, the length of the rental period, and the rental subsidies provided vary considerably amongst households served by the program.

There are opportunities for the development of rent-to-own programs based on the community development model: financial constraints at the senior levels of government make the need for local initiatives more pressing; organized community groups already exist - eg. business associations, churches, etc.; funding from disparate Federal and Provincial programs could be "pulled together". There are also real advantages to such an option. The community development strategy could allow individuals to develop skills to help themselves, thereby reducing long term dependence on institutional solutions. Housing design could become more focused on needs of tenants and low income households. And the community and neighbourhood could take responsibility for the development of affordable housing in their own backyard.

There are also a number of factors discouraging opportunities for rent to own programs: equity options for households are not encouraged through the existing non-profit program; no funds are earmarked for this type of activity; considerable up-front funding may be required; housing costs in the Region are high; no community development corporations, such as those in the United States, exist in the Region; and neighbourhood involvement in planning for and providing housing is not currently stressed. However, as earlier discussion has indicated, the Task Force makes several recommendations for Regional changes to address some of these difficulties. Nonetheless, other disadvantages should be noted as well. If rental units are sold through a rent-to-own program, the stock of rental housing is decreased unless replacement units are provided. Further, the option could assist those who would eventually purchase anyway. Finally, there is a need to ensure that the units in question remain affordable.

* *

A series of **Federal and Provincial initiatives** could offer assistance to the proposed Task Force recommendations for Regional encouragement of the rent-to-own home ownership option. These initiatives, furthermore, could encourage other home ownership opportunities for Regional households. They represent a number of financial mechanisms that would make home ownership easier and more accessible for a larger proportion of low and moderate income households:

A Package of Financial Mechanisms

The rapid rise in the cost of housing in recent years has made it increasingly difficult for households to enter the ownership market. The percentage of households able to "afford"[1] the median priced dwelling in Hamilton-Wentworth declined from 56% in 1986 to 39% in 1988. For households lacking the traditional 25% down payment. difficulties entering the housing market were accentuated. In the City of Hamilton, where most of the "affordable" units are located, the income required to purchase the average priced resale dwelling exceeded the actual average household income for the first time in 1988 (Hamilton-Wentworth Planning and Development Department, Local Planning Branch). That gap had widened considerably by 1989. According to CMHC's affordability index, the proportion of all renters who could afford to buy the average priced starter home declined from 15.4% in 1989 to 10.1% in 1990. For non-family renters, the proportion able to afford the average priced starter home declined from 8.6% to 5.7% and for family renters from 19.5% to 12.9%.

The Package:

Although some households may never have the financial resources or perhaps the desire to attain home ownership, there are a number of financial mechanisms that could be used to make home ownership easier and more accessible for a larger proportion of low and moderate income households. Options such as mortgage deductibility, longer term mortgages, mortgage insurance which permits a sweat equity option[2], and more generous home ownership programs could be combined to assist some of the households currently marginalized by the home ownership market.

Although a single financial incentive may have limited effect upon increasing the proportion of households able to purchase homes, a combination of options may be more effective in increasing the proportion of households in the population able to purchase housing on the private market. Difficulties associated with such a package are that it does not lower cost of housing and could even encourage price increases of starter homes, or it could assist households that would be able to purchase housing without government assistance. In addition, many lower income households might not be able to carry mortgages in the private sector, even with financial incentives. However, the Task Force suggests that the package still has potential benefits for a large number of prospective home owners. The package could include, but not be limited to, some of the following features:

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[1] Affordability assumes that a household pays no more than 30% of income on housing, has a 25% down payment, 1% annual taxes and a 25 year mortgage at 12.25%.

[2] Sweat equity is the principle of providing households with the opportunity to develop equity in their home through the use of their own labour.

Longer Term Mortgages

The traditional length of a mortgage is twenty five years, although it is possible to get mortgages for up to 40 years. Forty year mortgages are not widely promoted because there is a risk that the house will not survive until the end of the mortgage period.

Changes to Loan Insurance

CMHC's main involvement in assisting households to obtain equity is through providing loan insurance to households with a minimum of 10% down payment. Under federal legislation, all institutional mortgages that exceed 75% of the property value must be insured. This insurance protects the lender against financial loss in the event of default by the borrower. The availability of this insurance encourages lenders to direct more funds to residential mortgages, and allows borrowers to purchase homes with as little as 10% equity. In some instances, a preferential interest rate is provided on loans which are insured.

Since 1984, 11,461 units have been insured in hamilton-Wentworth by CMHC for the purpose of assisting with the purchase of a home. Sixty per cent of NHA insured mortgages are for purposes of assisting first-time home buyers.

The profile of loans for home purchasers insured by Canada Mortgage and Housing Corporation in 1990 is as follows for Hamilton-Wentworth:

Number of units insured:	825
Average purchase price:	$121,100
Average loan amount:	$108,302
Average family income:	$ 60,785

Mortgage insurance premiums are generally paid by the borrower and range from 0.5% to 3.0% of the loan amount, depending upon the loan to value ratio and the type of loan taken. An application fee (up to $235.) is also required.

Value of labour or "sweat equity" can be a component (up to 50%) of the 10% down payment requirement necessary to obtain mortgage insurance through CMHC, but this option is not promoted or used extensively. The availability of the "sweat equity" option is one potential component of increasing access to home ownership for a wider band of households.

Another option to increase the availability of mortgage insurance would be to increase the insurable loan to value ratio necessary to obtain insurance through CMHC from 90% to 95%. This would reduce the equity requirement necessary to obtain insurance to 5%.

Tax Credits

Programs to decrease households' monthly payments for housing would increase their ability to purchase and maintain equity in housing. Income tax deductions for mortgage payments or mortgage tax credits for low income households would effectively lower the carrying costs for home ownership. No mortgage tax program exists in Canada, although mortgage deductibility was a feature of the 1979 Federal Budget which was defeated in Parliament. In the United States, interest on mortgage payments is tax deductible. On the other hand, tax credits for mortgage payments can be more effectively targeted to lower income targets, and are widely used in Europe.

Enhancements to the Ontario Home Ownership Savings Plan (OHOSP)

The Ontario Home Ownership Savings Plan (OHOSP) is the current vehicle to encourage households to save for a down payment. When funds are deposited in a financial institution for the purposes of saving for a first home, tax credits may be granted. OHOSP tax credits are payed to adults with incomes of less than $40,000 or to couples with incomes of less than $80,000 according to the following schedule:

Examples for an individual

Income		Contribution	Tax Credit
Up to	$20,000	$2,000	$500
	$25,000	$2,000	$375
	$30,000	$2,000	$250
	$35,000	$2,000	$125
Over	$40,000	$2,000	$ 0

Examples for a couple

Combined Income		Contribution	Tax Credit
Up to	$40,000	$4,000	$1,000
	$50,000	$4,000	$ 750
	$60,000	$4,000	$ 500
	$70,000	$4,000	$ 250
Over	$80,000	$4,000	$ 0

For OHOSP purposes, income is total income less: deductions for RPP/RRSP contributions; union dues; child care expenses; moving expenses; alimony paid; and carrying charges. The qualifying income for a single parent is one half of that person's income. This income will then determine the tax credit: (eg. For a single parent with an income of $36,000 the qualifying income would be $18,000, so a $2,000 contribution would yield a tax credit of $500.)

Contributions of more than $2,000 in any one year for individuals or $4,000 for couples, and contributions after the fifth year, are not eligible for OHOSP tax credits. OHOSP can be opened from September 1, 1988 to December 31, 1993. The last year for tax credits is 1997. All funds must be removed from all OHOSPs by December 31, 1999. If a home has not been purchased by the end of 1999, all OHOSP tax credits received during previous years plus interest must be paid back.

The Task Force recommends that the OHOSP program should be enhanced for low and moderate income households (eg. increasing maximum contributions permitted and enhancing tax credits for households in Hamilton-Wentworth experiencing an affordability problem as identified through methods cited in Recommendation 1.6).

Home Savings Plan

Further, because government funding for affordable housing is being stretched to the limits and alternative financial mechanisms must be explored to provide further initiatives for affordable housing, the Task Force believes a Home Savings Plan warrants consideration by the Provincial and/or Federal Governments. Such a mechanism would encourage private investment into a savings plan that could be used only for the purposes of producing affordable housing, both ownership or other types of tenure.

On the ownership side, the fund should be structured to allow investors the first right of purchase. Using the fund to provide for affordable home ownership on a non-profit basis could reduce the price of the home 10 to 30%.

The fund could also be used to produce affordable rental housing and mixed tenure housing based on the current non-profit or coop models. Funds could be loaned to non-profit organizations for the production of this type of housing at a low rate of interest or on an index linked mortgage basis that could save the project hundreds of thousands of dollars, thereby allowing the production of more affordable housing for the same funds.

Private investment through savings plans and pension plans must be explored if increased opportunities for the production of affordable housing are to be encouraged.

* *

Further Regional Community Development Initiatives: Developing Affordable Housing First Policies and Establishing Non-Profits; Encouraging Partnerships; Mediation Services

A Regional commitment to community development and neighbourhood-based response to affordable housing should also comprise working with community groups who may have land available, and who could develop Affordable Housing First Policies in keeping with those outlined by the Region. The Task Force also suggests that the Region could play a role in assisting these community groups in forming non-profit housing corporations. Specific methods of assistance are outlined in Task Force Recommendation 6.1 and in the "A Recommended Vehicle for Regional Involvement in Housing: Extended Background Paper".

Support to Non-Profits Attempting to Provide Innovative Tenure Options

Cooperatives are resident managed housing developments. Cooperatives provide members with security of tenure and the opportunity to participate in the management of their living environment.

Equity cooperatives allow residents to invest equity in their unit. The benefits of equity cooperatives are that housing is provided at cost to low and medium income people, and residents can be both consumers and owners, benefiting from the increased value of a unit over time. Cooperatives tend to build a good, strong sense of community. They frequently hire staff to assist with management tasks. As cooperatives, projects have access to a national support system.

Shared equity programs allow households to purchase part of the housing equity and pay rent (perhaps to a non-profit investor) for the rest. The base rental rate is determined based on the amount of equity invested rather than on the households ability to pay, although affordable rents may be guaranteed through the availability of government funds to write down construction costs or through rent supplements to low income households. This may be an ownership option for low and moderate income households who have some equity up front. Some examples of households in this situation may be seniors who wish to move from their current home, parents (usually women) who have recently separated and cannot enter the paid work force due to child care responsibilities, and members of the labour force affected by lay offs and plant closures. Capital gains upon sale of equity investments may be limited by a covenant which also guarantees the sponsoring organization first option to buy.

Shared equity cooperative offer many of the benefits of equity cooperatives, and may also offer additional advantages for some households, such as: reduced cost compared with cost of outright purchase; flexibility, in that the arrangement allows households access to housing with varying amounts of capital (eg 25, 50 or 75 percent of the capital cost of the dwelling unit).

Difficulties associated with shared equity cooperatives may include: determining the market value of the dwelling; determining a "fair" return on equity; and making units as accessible as possible to a broad range of households.

Mixed tenancy is an alternative which combines the traditional assisted housing units with equity units in the same project. "Innovations in Housing for Seniors", published by CMHC in 1989, cites the Toronto Finnish-Canadian Centre as an example of innovation in financing and tenure, and explains how the project works:

> "Suomi-Koti was built to meet the housing and social needs of elderly persons of Finnish background residing in Toronto and adjacent municipalities, who wanted affordable rental, assisted rental and ownership tenure. Sponsored and managed by the Toronto Finnish-Canadian Seniors Centre, this comprehensive commercial and residential facility contains 88 seniors' apartments, a store-front commercial area, and amenity space on two basement levels."
>
> "Based on a multi-tenure concept, Suomi-Koti offers a mix of living arrangements geared to the financial status of its residents. The 38 rental units are targeted to persons of low- and moderate-income means: 24 of the units are at the low end of market rent; and 14 are rent supplement units. The remaining 50 apartments are home-privilege units, where the participant pays an amount equal to the development costs of the unit, a share of the utilities, municipal taxes, and other operating costs."
>
> "Home-privilege units cannot be resold by the occupant, as the Toronto Finish-Canadian Seniors Centre wishes to control the occupancy selection process as a way to ensure the units are targeted to the most appropriate seniors. When an occupant leaves, an amount that is established in the home-privilege agreement is refunded by the sponsoring organization. These amounts are based on a sliding scale, with the higher amounts being refunded to residents who stay longer. For example, individuals who leave in the first year would be repaid 85 percent of their payment, while those who leave after five years would receive the full amount specified. After this, an adjusted percentage, based on the Consumer Price Index, is applied, with the result that residents are reimbursed the full amount plus an additional payment. However, due to accelerated real estate prices in Toronto, seniors leaving the project before the end of the five-year term are reimbursed the full amount specified in the agreement."
>
> "The Toronto Finish-Canadian Seniors Centre was able to develop the project using conventional funding methods that included interim financing from a bank and permanent financing arranged through a lender experienced in social housing. The home-privilege apartments were priced below that of comparable condominiums in the area, and the sponsor made no profit from the project. In addition, community donations were used to fund the rental units. Any surpluses realized in the marketing of the home privilege apartments are used to upgrade and improve the project and its services."

This model is similar to a model more widely used for a variety of household types in Europe. It has been coined "co-housing" by American authors studying the phenomenon. The mixed tenancy concept could be extended in North America to meet the needs of single persons, lone parent families, households with special needs, etc., in addition to seniors. It should, however, be recognized that this model would be more difficult to administer than the traditional assisted housing produced in Ontario.

Encouraging Partnerships

Possibilities exist for the development of partnerships between several parties to generate funds for affordable housing:

- Between institutions (universities, hospitals) and communities, both of whom have a stake in the well-being of the community and its residents.

- Between specific organizations. The Cooperative Housing Association of Ontario and the Ontario Non Profit Housing Association, for example, have recently stated their interest in a "working partnership" for joint capitalization ventures, and even in establishing a joint financing facility in the form of a Housing Development Fund.

- Between groups seeking to enter the affordable housing market. Group borrowing on the part of providers of affordable housing can help lower lending rates and risk factor, and can make mortgage funds available to smaller groups/individuals interested in affordable housing projects.

- Between builders and affordable housing projects. At the Think Tank on How to Capitalize the Non Profit Sector, a suggestion was made that endorsement of an affordable housing project by a reputable builder (who would lend his/her name as bond) could increase the chances of financing for the project.

- Between the affordable housing effort, and other social service programs. To combine efforts, and reduce costs, there could be a more integrated approach to providing certain services and building affordable housing. For example, the move towards deinstitutionalization could be integrated with efforts to provide more affordable housing.

- Between public and private efforts. Joint ventures could be established between the Region and external participants in real estate development projects. (See the "Ready to Build: Extended Background" paper for further information on joint ventures, and for a description of such ventures in Ottawa.) One possible partner could be the corporate sector. In the United States, for example, employer assisted housing is a small but growing trend where corporations are becoming increasingly involved in the housing effort, both on behalf of their employees, and more broadly. Government-corporate joint projects could prove beneficial to both parties, from both a social and economic perspective.

Developing a Mediation Service for Conflict Resolution

The Task Force believes that part of a community-based response to affordable housing includes a community-developed process for conflict resolution. There is currently no mechanism in place for conflict resolution between neighbours. People often protest intensification because of noisy tenants or poor property maintenance. One possible model for a service to address these kinds of circumstances is the mediation service being developed at McMaster University for conflict resolution between students, students and surrounding neighbours, students and landlords, and similar situations. The mediation process facilitates resolution and compromise rather than confrontation. The City of Waterloo also has a private organization called Community Justice Initiatives which engages in neighbourhood mediation. The Task Force recommends that the

Region, as part of is community development efforts, should work with community agencies to develop a mediation service.

Support to Home Share Programs

Another community-based program that the Task Force believes warrants continued Regional attention and increased Regional financial support is the concept of home sharing. Home sharing programs offer a community-based, alternative response to the housing shortage problems of some individuals, and to the cash-flow or special needs problems faced by certain home owners.

Home sharing is one form of residential intensification that involves a shared living arrangement between two or more individuals. In addition to sharing common facilities (i.e. kitchen, bathroom) home sharing can involve the matching of people with special needs or requirements with people willing to provide support. Home sharing is the least expensive form of intensification because no construction or renovation of housing is involved.

Home sharing has been an organized housing option in North America for almost 20 years. There are currently 18 home share programs operating in Ontario. In April, 1989, the Victorian Order of Nurses started administering a Regional home share program in Hamilton-Wentworth. The program has focused on finding roommates for elderly home owners (aged 55 and over) who are house rich but cash poor. Generally these elderly home owners are healthy individuals who desire to stay in their own homes but may lack the financial ability and/or the physical ability to maintain their homes. The person moving in with the elderly home owner benefits from receiving low cost housing (usually $100 to $200 a month) in return for performing some maintenance or support tasks around the home.

The program also provides an affordable, safe housing option to low income residents and some needy groups who seek accommodation. Since its inception in April, 1989, the program has provided matches for survivors of family violence, inappropriately placed residents of Second Level Lodging Homes, some adult disabled, visible minorities, one parent families, and frail elderly awaiting nursing home placement both within hospital and at home.

The program has made about 32 matches that span generations, and 50 matches overall. There appears to be a high demand for this program - approximately 2,100 inquiries have been made about a possible match and there are currently approximately 60 people on the waiting list for program services, and approximately 80 potential service providers also awaiting assessment. The VON home share program is a Regional Government program that reflects a partnership effort between the Ministry of Housing (which provides funding of $40,000) and the Region (which provides funding of $15,000). There is one full-time staff person and a number of volunteers working in the program.

Home sharing provides both financial and social assistance to home owners while making better use of, and even improving the condition of, underutilized existing housing stock. Program initiatives of this type allow people to remain in their own community plus reduce the cost of providing support services to groups such as the elderly. Although it has been estimated that 1 full-time person is needed for every 40 successful matches, the cost (approximately $1,300 per match) is far lower than providing subsidized housing or an emergency shelter. Home sharing provides a cost-effective means of dealing with the problem of housing shortages.

* *

In Recommendation 6.1 (the proposed Regional Housing Commission), the Task Force outlines some even more specific ideas for community development initiatives, as well as suggesting how the Regional Housing Commission could foster these initiatives. One of the areas of suggested involvement for the Regional Housing Commission is the effort to encourage tenant participation. One of the strongest examples of tenant participation is the cooperative self-management model, where tenants have total control over their own environment. Coop tenants can volunteer or be elected to serve on committees or the board. The Task Force accordingly asks here for **Federal and Provincial assistance** for this particular model of tenant involvement. And the Task Force recommends that other **Provincial and Federal initiatives** be requested to complement the recommended Regional focus on the special needs of tenants as well. As community development initiatives on the part of other levels of government, the ideas are included in this discussion:

Provincial Assistance for Tenants: Encouraging Tenant Associations

The Task Force recommends that the Provincial and Federal Governments be requested to increase support for cooperative style projects through increased funding for Tenant Associations, and the expansion of such funding to all non-profits (not just cooperatives) and through encouraging housing agencies to inform their tenants that start-up funding is available. This Task Force recommendation is a request for Federal and Provincial demonstration of commitment to the concept of more active tenant involvement.

Provincial Assistance for Tenants: Unit Registration in Central Rent Registry

Under Rent Review Legislation, a Central Registry has been established in most urban centres to document the maximum legal rent for rental units. All landlords of apartments with more than six units are required to register, making it simple for new tenants to determine whether or not their rent is above the maximum legal rent (as long as they are aware of the legislation and the Registry).

According to the 1988 Provincial Assessment, there are 7,236 residential units in plexes in Hamilton-Wentworth, of which 68% (4,880 units) are tenant occupied. Rental plexes are covered by Rent Review legislation, but are not required to register with the Central Rent Registry at this time. The Task Force recommends that all rental units should be registered in the Central Rent Registry, even though the requirement, in current circumstances, could encourage more illegal conversions than legal. The Task Force suggests that, in tandem with other recommendations to make legal conversions easier, the registry would not be a problem. Further, it provides important protection to new tenants in plexes who would be able to know that rents are not above the legal maximum through checking with the Central Rent Registry.

* *

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General Background:

New and innovative ideas for shelter provision are required to provide housing for increasingly diverse households. Moreover, a number of affordable housing ideas are well developed in theory, but are not widely practised in Hamilton-Wentworth. Some examples of these innovative ideas include: unusual design concepts such as the 'Grow home'; non-traditional tenure options such as shared equity; and, more flexible planning approaches that allow opportunities for innovative responses such as infill on smaller lots. The Region could assist in the development and recognition of new ideas for affordable housing within the community, the building and development industries, and all levels of local government, through a variety of methods.

METHOD ONE: GRASS ROOTS MARATHON THINK TANK ("CHARETTE") ON AFFORDABLE HOUSING

Funding and Organization of a CHARETTE

A CHARETTE is a think tank on affordable housing, undertaken on a marathon basis (eg. 24 hours). This initiative has been undertaken in Toronto and Kitchener-Waterloo.

The emphasis in affordable housing CHARETTEs in the past (as in the example program from Kitchener-Waterloo, below) has been to bring a variety of professionals together (representatives of service groups, architects, developers, builders, planners, etc.). Neighbourhood groups have participated to a more limited extent. However, the emphasis of a grass roots CHARETTE would be to expand the involvement of ordinary citizens and potential tenants.

Through a grass roots CHARETTE, citizens and potential tenants could identify and resolve design issues for affordable housing "in their backyard", possibly generating new, innovative and sometimes counter-intuitive approaches to housing as well as increasing neighbourhood acceptance of affordable units that are introduced. It may be possible to use the ideas generated at the grass roots CHARETTE to actually develop neighbourhood-based solutions to affordable housing: The ideas generated at the CHARETTE could be used to develop terms of reference for developers interested in constructing an "affordable community" or affordable homes.

Professionals would also be involved in a grass roots Affordable Housing CHARETTE, but they would be working in 'partnership' with the citizens and potential tenants, trying to develop group consensus around ideas for the development of affordable housing under established objectives and limitations. For example, the Ontario Association of Architects has a group called "CAUSE" which will work on a facilitative basis with cities, and this group could possibly participate in a CHARETTE.

In terms of organization, individuals would be encouraged to participate in the CHARETTE through extensive advertising. Time, place and meeting format would be accessible. Participants in the CHARETTE would be divided into teams with the goal of developing ideas for sites, given a number of specified objectives such as: integrating affordable housing into neighbourhoods, providing a variety and mix of housing forms, providing units to accommodate persons with special needs, and providing a range of affordability. Some of the limitations might be: the cost of land and materials, the availability of technology, surrounding land uses, etc.

A CHARETTE requires considerable enthusiasm among citizens and professionals alike, without which there may be a potential for failure. It also requires lead time for organization by community groups, including time for fund raising or sponsorship. A final cautionary note is that without a commitment to build, a CHARETTE could lead to unrealistic expectations.

* *

To aid in the CHARETTE effort, the Task Force recommends a request for **Provincial assistance** in the form of funding.

* *

Example Program:

o In Kitchener-Waterloo, a committee consisting of government officials, builders, developers, architects, neighbourhood groups, community groups, etc. and chaired by the Social Planning and Research Council, organized a CHARETTE. It was decided that the CHARETTE would focus on affordable home ownership. The rationale was that the only affordable rental housing being constructed in the Region was assisted housing, and there was interest in developing private sector initiatives. The organization of the CHARETTE took eight months, although it probably should have taken a year or longer.

To illustrate various opportunities for innovation, four different sites with different characteristics and potential were selected. The co-operation of landowners was solicited to determine market value. This exercise was for demonstration, not expropriation. The sites were chosen to be representative of:

1) inner city industrial sites
2) suburban infill (on a surplus school lot)
3) greenland site
4) rural township site

The committee compiled a complete package of planning constraints and requirements, cost factors, etc. Teams of six were organized to develop ideas for the sites. There were established objectives (eg. affordability, variety and mix, etc.) Diagrams, descriptions and cost analyses were to be provided. In terms of organization, details such as professional facilitators, recorders, aerobic instructors, first aid, and extensive media coverage were planned.

The CHARETTE came up with a number of counter intuitive and innovative housing forms for the sites. For example, on the surplus school site in suburbia, the team with the neighbourhood representatives spent the initial period trying to design for single detached but had trouble retaining any green space. Starting over, they eventually recommended 'double quads' that were designed to look like executive homes, and which provided sufficient green space.

The Social Planning and Research Council feels the results of the CHARETTE in Kitchener-Waterloo are already percolating through. For example, a developer (after participating in the CHARETTE), recently came to City Council with a proposal to bury a parking lot in the City Centre and put up a mixed commercial/affordable housing development.

METHOD TWO: DEMONSTRATION PROJECTS

Organizing a Demonstration Project

The Task Force favours Regional involvement in small scale, locally initiated demonstration projects where community involvement is encouraged, as opposed to larger projects where the role of the neighbourhood would be less pronounced. Although the grass roots component is necessarily much greater in projects occurring in the existing developed areas as opposed to projects in newly developing areas, the Task Force recognizes that demonstration projects in both new areas and already built areas have advantages and drawbacks.

The Task Force also emphasizes the importance of being able to "transfer" the ideas introduced through the demonstration project into the "real world". Innovations in design, tenure, financing, management, etc. must be judged on whether they are likely to be adopted in future developments without ongoing (or with minimal) government assistance. The idea of a demonstration project is that it introduces new ideas into the community that can be used more broadly in the future.

The Task Force therefore recommends Regional consideration of demonstration projects to generate ideas on affordable housing. If the Region held land, it could call for proposals which incorporate unique equity, financing, management and design features on the public site. Alternatively, the Region could request the Provincial government to release land for this purpose. The conditions of sale or lease of the public land could be left to competition entrants, with cost a factor to be considered in judging proposals. Alternatively, the land could be sold or leased under set conditions to the best proposal. There would have to be assurances that the winning entry to the competition would be developed. This may require support from the Region and Area Municipalities as well as senior levels of government to get the project through the approvals process. It would also require that design and development teams are formed to enter the competition.

Some of the objectives of sponsoring or encouraging demonstration projects are to:

- encourage Provincial/Federal governments to introduce new programs;
- provide examples for builders of new homes;
- provide alternatives for Regional households needing affordable housing options;
- encourage flexibility in zoning approaches;
- promote acceptance of new ideas in community; and,
- provide new mechanisms for the community to become involved in planning for and providing housing.

The advantage of a demonstration project is that it leads directly to the provision of affordable housing. A difficulty with this method of generating ideas is that it may be difficult for the judging committee to agree on criteria for adjudication. Some of the features of projects and initiatives that should be considered when sponsoring a demonstration project are:

- financing
- cost

- appearance
- long term quality
- design
- involvement of community - community consultation
- fit with neighbourhood
- variety and mix
- environmental impacts
- transferability of innovations into future projects

* *

The Task Force further recommends that **Provincial participation** in demonstration projects be requested, since such participation could be valuable in many respects.

* *

There are currently opportunities for the Region to become involved in sponsoring demonstration project(s) on public lands. The Ontario Ministry of Government Services presently owns 12 acres of land in Hamilton-Wentworth, and is prepared to work with the Task Force to select a consultant and develop a terms of reference for a demonstration project on this site(s). The Ministry is willing to support ideas which emerge through a process such as the Grass Roots Affordable Housing CHARETTE in the development of this site.

Example Programs:

- The Housing Advocacy Division of the Ministry of Housing sponsored a demonstration project in Mississauga and offered Ministry assistance in getting the development through the approvals process. They also hired a consultant to draft a proposal call and organize jurying. In this case, public lands for development of the winning proposal were not a component of the competition.

- The Housing Advocacy Division of the Ministry of Housing has been active in assisting the City of York in making a City owned site available to a developer who will provide innovative, affordable housing. A consultant was hired to develop the terms of reference and to manage the process (eg. adjudication, application procedures, etc.).

- In 1979, the City of Montreal engaged in a successful program to provide an alternative to suburban living for young families and middle income households. The City sponsored development of a wide variety of dwellings on public and private lots in the City. Lots were made available throughout the City to developers at 40% of market value on a competitive basis, considering diversity of types, density, environmental integration, arrangement of units in block, architectural quality of buildings, innovations in leasehold and socioeconomic accessibility. The initial buyers of the units were eligible for a subsidy of $1,000.

- In 1982, the City of Hamilton and the Ontario Ministry of Energy co-sponsored a competition for a residential housing development on publicly owned land. The objectives were to regenerate the downtown block and to help attain a broad market acceptance of energy conserving housing. A call for development/design proposals was sent out in early 1982. The site was offered at a fixed price to five short listed developer/architectural groups. Four of the five developers were interested in building cooperative units, the fifth proposed condominiums. Each team was asked to submit a medium density housing proposal compatible with the immediate neighbourhood and meeting specific energy conservation requirements. All five short listed teams received awards and the winning design was constructed in 1984.

METHOD THREE: AWARDS COMMITTEE

Funding and Organizing an Awards Committee

Project awards could recognize projects constructed in the Region that demonstrate an innovative approach to the delivery of affordable housing. The Task Force recommends that the Region could sponsor (or co-sponsor) the awards both to recognize innovation and quality in the design, financing, development, management, etc. of affordable housing and to publicize, record and transfer innovative ideas and approaches. The awards competition method works most effectively when money for the awards is adequately budgeted and when there is a relatively large base of new projects for competition (too small a base could mean entries are rewarded for mediocre efforts). While the establishment of such a committee would not lead directly to the creation of affordable housing, it could promote new and innovative ideas, rewarding innovations and excellence in affordable housing, as well as making the public more accepting of new ideas. An awards committee would involve a variety of participants (citizens, representatives of community groups and the building industry, Regional politicians etc.) in recognizing new forms of affordable housing.

Example Programs:

- CMHC sponsors a Housing Awards Program to recognize innovation in housing, rewarding initiatives in financing and tenure, implementation/realization, planning and regulation, and management. The first competition was held in 1988 and anyone with an innovative idea or product successfully demonstrated around the theme of "Housing Options for Older Canadians" was encouraged to enter. A book of winning entries and honourable mentions was prepared.
- Many municipalities in Southern Ontario, including the City of Hamilton, have an Urban Design Committee that rewards quality in development design.

METHOD FOUR: INFORMATION COLLECTION AND DISSEMINATION

Different Methods to Exchange Information

Methods such as a library of innovative housing design concepts are necessary in the effort to convey new ideas about affordable housing. Such ideas need to be available to the public and to interested developers if they are ever to be utilized.

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NON-PROFIT AND COOPERATIVE SECTOR

Several possible methods exist to assist non-profits and cooperatives in accessing the necessary land to build:

I. Direct Funding

A Regional Grant Budget

The Region provides grants to outside bodies under authority of the Municipal Act which states that:

> "Notwithstanding any special provision in this Act or in any other general or special Act, the council of every municipality may, subject to section 112, make grants, on such terms and conditions as to security and otherwise as the council may consider expedient, to any person institution, association, group or body of any kind, including a fund...for any purpose that, in the opinion of council, is in the interests of the municipality".

The Region provides general grants and social service grants under this legislation, in order to:

> "provide financial assistance to local agencies, groups and organizations within the Region, which provide important social and health services to citizens and which have limited sources of funds."

In 1990, two housing grants of $41,950 and $14,950 were made to the Housing Help Centre and to the YWCA Access to Housing Program through the social service grants section. These grants were necessary for these agencies to receive their Access to Permanent Housing funds from the Ministry of Community and Social Services (which offers the funds on a cost-sharing basis of 20% Regional contribution and 80% Provincial contribution). The Emergency Shelter Foundation of Hamilton-Wentworth also received Regional funding. One of the reasons why housing groups did not receive more funding may be because of a clause which states that:

> "grants shall not be provided for a program which is regarded as a provincial/federal responsibility or a program suited primarily for private enterprise sponsorship."

In the past, Regional responsibility for providing budgetary acknowledgement of affordable housing has not been an established priority. Establishing a Regional Grant Budget, as the Task Force recommends, would be a financial demonstration of the Region's commitment to affordable housing, and would be one way to provide non-profits and cooperatives access to the funds that would allow them to build. This budget could possibly be administered through the Regional Housing Commission proposed by the Task Force in Recommendation 6.1

It should be noted here that "non-profit" denotes organizations that are run 'not for profit', and this is outlined in each non-profit corporation's 'Articles of Incorporation'. Generally, these articles also deem that if the non-profit is sold and the corporation dissolves, its assets are to be directed toward a suitable Canadian charity. The operating agreements that exist between non-profits and their funding institutions (very often the Ministry of Housing) also place regulations on the non-profit to ensure that it does indeed remain 'not for profit'.

Cooperatives are regulated under the Cooperative Corporation Act and they too are largely (and formally) "non-profit". There are some variations in terms of equity cooperatives (where cooperative members may own part/all of their units), but very often these too limit allowable capital gains upon sale of equity investments, frequently through a covenant that guarantees the sponsoring organization the first option to buy, thereby ensuring the unit will remain in the 'affordable' market. Mixed tenure options in cooperatives are discussed in the "Offering Assistance: Extended Background Paper".

ii. Assistance in Land Identification

Affordable Housing First Policy

An initial step in ensuring that non-profit and cooperative providers are able to build affordable housing is to make sure land is identified and earmarked for their use. An Affordable Housing First Policy is recommended by the Task Force for this purpose.

"Affordable Housing First" is a policy which states that surplus Regional lands suitable for residential use must be made available for affordable housing as a priority over other uses. The policy could also require that unallocated funds from the sale of Regional land not needed for Regional purposes be used to acquire land (through a revolving fund) to be leased to non-profits or cooperatives for the development of assisted housing.

The process for the disposal of surplus Regional land is managed by the Engineering Survey Section. When land becomes surplus, the Engineering Survey Section makes internal departments aware of the excess land. If one or more departments are interested, a report goes to Regional Council recommending use of the land according to the results of the internal circulation. If no internal department expresses interest, those Boards and Commissions identified in a list maintained by the Engineering Survey Section are made aware of the land. Next the land is offered to the Area Municipality in which the property is situated. Finally, the land is offered for public tender. The City of Hamilton Real Estate Department handles sale of the property at market value.

An Affordable Housing First Policy would bypass the initial circulation of departments. Land declared surplus would be offered for sale or lease in the first instance for the development of affordable housing. Such a policy would therefore protect land currently owned by the Region for assisted housing. The Task Force suggests that the Region could make the land acquired through an Affordable Housing First Policy available to non-profits in a manner similar to that which would be used to dispose of land acquired through a revolving fund (see discussion that follows). Moreover, if there were no Regional department interested in the land, then surplus revenues from its sale (after previous commitments are satisfied) could also be contributed to the recommended revolving fund (again see discussion that follows).

An Affordable Housing First Policy could further require a regular review of underutilized land to determine its suitability for affordable housing or for mixed use developments.

Problems associated with such a Policy are due to the limited availability of Regionally owned land and the fact that there is no guarantee of whether or when land will be declared surplus. Other considerations include the possibility that the value of land may exceed funds at the disposal of assisted housing providers so there could be a cost to the Region of providing land at a price that is manageable. A further difficulty could be that surplus land may not be suitable for housing.

Example Program:

- The City of Hamilton has recently approved a Provincial/Municipal Housing Agreement. The agreement recommends that the City establish a Housing First Policy for City owned lands and prepare an inventory of its land holdings for suitability for residential use. The Agreement also encourages the Region of Hamilton-Wentworth to adopt a Housing First Policy for its land holdings and to review these land holdings for suitability for residential use.

If the Region adopted an Affordable Housing First Policy, then it could also request Area Municipalities and encourage institutions such as churches and Boards of Education to develop similar Affordable Housing First Policies and to review their land holdings for affordable housing use. The Region's Policy could also serve as a model for these other interested institutions.

* *

A Provincial initiative to earmark land for affordable housing would be of assistance in the Regional effort to aid non-profits and cooperatives. The Task Force recommends that a request be made that Provincial land not suitable for affordable housing in the Region could be sold, exchanged, or donated, and funds or land revenues could be used to purchase land that is viable for affordable housing in Hamilton-Wentworth.

* *

Creating Maps for Ready Land Identification

The Region recently developed a Vacant Residential Land Inventory. The inventory includes vacant parcels already zoned or designated for residential development. It does not, however, include sites with an existing low density residential or non-residential use that may be available for infill and redevelopment, and as a Task Force policy recommendation and the "Setting the Policy Environment: Extended Background Paper" suggest, the promotion of intensification should be a Regional priority.

The Region could encourage Area Municipalities, who have local knowledge of sites through neighbourhood plans, to use this local knowledge in combination with the Vacant Residential Land Inventory to develop a series of maps that identify appropriate sites for medium or high density housing, infill or redevelopment. Many of these identified properties would be of interest to non-profit housing corporations or cooperatives seeking land. While the maps would not provide non-profits or cooperatives direct assistance in accessing land, they would nevertheless assist in the effort to identify and earmark that land for these providers, and could contribute to an Affordable Housing First Policy.

Difficulties associated with this scheme are that it requires a lot of assumptions to identify lands in the existing areas with potential for intensification, and this identification of certain parcels of land could encourage speculation and increased prices. Further, Area Municipalities might be hesitant to undertake development of inventories due to uncertainty about cost and expected benefits.

iii. Assistance in Land Acquisition

General Background:

The revolving fund outlined here is designed to make non-profit and cooperative affordable housing construction possible at the start-up stage.

Non-profit housing corporations and cooperatives may have difficulty accessing land because of 1) a shortage of appropriate land when allocations become available; or 2) the program limitations of the Federal-Provincial Non-Profit Housing Program which requires sites to be found before final allocation commitments are made; or 3) the cost of land exceeding the funding available under the Maximum Unit Price Guidelines (MUPs).

The Region, not currently actively involved in assisting non-profits and cooperatives in accessing land, could provide assistance through the establishment of a revolving fund for the purposes of: 1) acquiring land for lease or sale to non-profit providers: and/or 2) bridge financing: and/or 3) loan guarantees. This fund could also manage the land identified through an Affordable Housing First Policy (described earlier). In either case, the fund would be operated on the principle of minimizing costs and risks to the Regional taxpayer.

A Revolving Block Fund

The Task Force recommends that a revolving land acquisition fund could be established for the purposes of assisting non-profit housing corporations and cooperatives in accessing land. The Region could acquire land and lease or sell it to non-profits and/or cooperatives for the purpose of providing housing to low and moderate income households.

Alternatively, the Region could use the fund to provide bridge financing to non-profit housing corporations, so that they acquire land outright or "lock it up" through a deposit.

A final use of a revolving fund would be to provide loan guarantees to assisted housing providers to enable them to borrow money on the private market to purchase land. Smaller non-profits have difficulty accessing loans from private sector financial institutions without such guarantees. This assistance should be provided by the Federal and Provincial government as part of the Non-Profit Program. The Task Force recommends (see below under Federal/Provincial initiatives) that the Provincial and Federal Governments should make loan guarantees readily available for non-profit providers. However, until such program changes come about, there is a need for Regional involvement in this capacity.

The revolving fund, once established, would be replenished as lands are sold or leased to assisted housing providers.

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Provincial assistance in this instance would be the provision of $6 million, in order to establish the Regional block fund.

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Example Programs:

- The City of Hamilton has adopted a policy whereby the City purchases sites for non-profit housing subject to the availability of funds in the Reserve for Property Purchases. Such sites are to be sold to the Municipal Non-Profit Housing Corporation when projects are approved, or as a second option to other non-profit agencies. The Director of Property is authorized to negotiate, make option to purchase and deposit $1.00 on non-profit housing sites subject to the approval of the offer by the Executive Committee of the City of Hamilton and City Council. When a deposit in excess of $1.00 is required, such deposit is subject to the approval of the Executive Committee of the City of Hamilton and City Council. Sites acquired are sold at cost plus interest and other costs to the Municipal Non-Profit or other non-profits, or on the open market at market values when non-profit agencies are not interested. To date, the Municipal Non-Profit Housing Corporation has accessed the fund to purchase land for two housing developments. The money borrowed plus interest is paid back to the Housing Reserve Fund when final allocations are received from the Province.

- The City of Ottawa has leased and sold land to non-profit developers and/or cooperatives to provide housing for low income households. Leases usually operate on the basis of full cost recovery with the possibilities of write downs considered on an individual basis. Sales generally are at market rates, although land can be sold at below market rates based on the circumstances of the individual case. The lease of City land to the third sector is the general practice; sale of land to the third sector in Ottawa has been undertaken due to special circumstances in each case.

  Future leases negotiated with the City of Ottawa will meet the following guidelines: 1) the initial term of the lease will conform to the length of the mortgage held by the housing group plus five years; 2) extensions to the lease will be negotiated for a term of up to 35 years at no additional cost; 3) the lease will not remain effective past the life of the original building; and 4) in the case of redevelopment or reconstruction, approval will be granted on an individual basis.

- The City of Toronto has provided up front funds for land acquisition purposes since 1973. Approximately $14,914,000 has been added to the revolving fund by the Municipality between 1973 and 1986. The City also prefers to lease land acquired through the revolving fund. Leases are on the basis of full cost recovery except in special circumstances where Council approves cost underwriting. The full cost of the land is paid to the Municipality at the onset of the lease.

- The Region of Peel is in the process of establishing a $5 million revolving fund. Funds are advanced as required by the Region to Peel Non-profit Housing Corporation at a pre-approved interest rate of between 5 and 8 percent. Peel Non-Profit then loans funds at a slightly higher rate to interested non-profit groups. The loan, plus interest, is to be repaid when the project receives final Provincial approval and permanent mortgage financing is in place.

- The City of Toronto is proposing a Toronto Start-Up Loan Program to provide loans of up to $11,000 to cooperative and private non-profit housing companies to assist them in site acquisition and planning activities for which they are ineligible to receive start-up funding from the Canada Mortgage and Housing Corporation. Interested groups will require an agreement that indicates the borrowed funds will be repaid as one of the first draws on Federal-Provincial funds.

Advantages and Disadvantages of the Fund

The alternative uses of the fund (land acquisition and sale or lease, bridge financing and loan guarantees) offer various advantages and disadvantages to the Region and to non-profit housing providers. Some of the costs and benefits are common to all three uses of the fund while others are specific to one or another of the alternatives.

i. Advantages
The advantage of a revolving fund is that it provides the opportunity for more affordable housing to be constructed by making it easier for non-profit housing providers to access land.
Once the program is established, the fund would finance future loans. Representing Regional commitment to housing matters, the fund would involve the Region as partner and potential advocate of affordable housing projects. It would, furthermore, seem an appropriate Regional responsibility since the Region has the advantage of being able to identify sites through review of subdivision and condominium applications.

The advantages related to the sale/lease of land through the fund are several. First, land could be leased or sold at a cost which permits development under the Maximum Unit Price Guidelines (MUPS) established by the Province. A special fund for cost writedowns, described in the second part of the Task Force recommendation for the revolving block fund, would be established to facilitate this in those circumstances when a project cannot be developed under the MUPs. Second, in those situations where land is leased, conditions could reflect other Regional priorities such as preservation of woodlots. Finally, Regional involvement in land acquisition could provide opportunities to facilitate development of underutilized land in the existing urban area.

Land would be protected for affordable housing in the long term if the land lease option were used. Land could be leased on a 35 year lease. Under this option, the participating non-profit would have the option of renewing the lease for an additional 35 years at no cost. If this option was not exercised, the Region would have ownership of the land and could ensure that it was protected for affordable housing.

One advantage related to the bridge financing/loan guarantees that could be offered through the fund is that these would require less direct involvement by the Region than land acquisition. A bridge financing option could be included in a land banking program to assist non-profits who have identified a site but need interim financing and to assist groups who require start up loans to assist in site acquisition and planning activities. Further, sometimes it may be politically easier for private non-profit housing providers to access land than for the Region to do so for them, so bridge financing or loan guarantees would be particularly appropriate forms of assistance. Finally, bridge financing or loan guarantees could sometimes be more attractive and less cumbersome to non-profits than leasing land from the Region.

All three possible uses for the fund, therefore, have their respective advantages.

ii. Disadvantages
The fund clearly requires an initial commitment of Provincial money for its start-up. A second difficulty is that the Region may have to assume interim responsibility for a project and/or a property if a non-profit provider is no longer interested in managing a project.

Other Considerations

Other factors to consider in the establishment of such a fund are the staff that would be required to administer the program, the need to establish application and selection procedures, and the delineation of program responsibilities. The Task Force recommends a Regional Housing Commission as a possible administrative vehicle for the fund. The Task Force recognizes that a revolving fund program should not incur large carrying costs and unnecessary risks upon Regional taxpayers.

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Ideally, **Provincial and Federal Governments** should provide loan insurance to make it easier for cooperatives and non-profits to acquire land directly in the private market, thereby decreasing the potential demand on the proposed Regional revolving fund: the Task Force therefore recommends that requests for this increased loan insurance be made to both levels of government.

Beyond this, a series of other **Provincial/Federal initiatives** could serve to complement the Regional efforts just outlined. These initiatives consist mainly of direct funding and other financial methods to promote/enable the construction of non-profit/cooperative affordable housing, and they are as follows:

Increasing Allocations

i. The Rent Supplement Program

The number of rent supplement units in the Region has declined from 500 in 1982 to 420 in 1989. There have been no new rent supplement agreements negotiated since the early 1980s and many landlords with existing leases are opting out once current tenants move. Low vacancy rates in the private market have contributed to the decline in the number of rent supplement units available. On the other hand, a number of landlords have recently applied to participate in the rent supplement program in Hamilton-Wentworth, but Provincial allocations were not available.

If more landlords were aware of the program and applied for allocations, the Province could decide to increase allocations to Hamilton-Wentworth. The Task Force recommends that the Province be requested to provide additional allocations under the Rent Supplement Program as a method of assisting non-profits and cooperatives in their efforts to provide affordable housing. The benefit of this method of subsidization is that units would be integrated with private market rental units and would not require new construction. The program has limitations in that an increase in allocations would not add to the total number of rental units available in the Region. Furthermore, it is not known if there is an inverse relationship between allocations received under this program and allocations received under the Non-Profit Program. Finally, a last limitation is that supply and demand conditions on the private market are largely responsible for whether or not the Rent Supplement Program is used. During much of the 1980s, additional allocations would not have been taken up. Hence the Task Force makes the recommendation that landlords should be encouraged to apply for allocations under the program.

ii. Non-Profit and Cooperative Style Affordable Housing Projects

The Task Force also recommends that the Provincial Government be requested to increase funding for non-profit and cooperative style housing projects. The support for cooperative-style projects is in keeping with the emphasis in other Task Force recommendations on tenant participation and on shared equity and cooperative housing arrangements. This increase in funding would enable cooperative projects to get started. Cooperative projects are those that would, even upon sale, remain in the non-profit sector.

Increase in Rent Geared to Income Designations and Related Funding

Since 1986, as a result of the revised Federal-Provincial Non-Profit Housing Program, a minimum of 40% of the units developed through the non-profit housing program must be rent geared to income and must serve households whose need is classified as "deep core" (ie. income level of households receiving welfare or family benefits). The remaining 60% of units are to serve households whose need is classified as "shallow core" (minimum wage earners) or "shallow non-core" (slightly higher income), as well as those able to afford market rent.

Prior to 1986, non-profit unit allocations were made on the basis of 25% rent geared to income and 75% low end of market (LEM) rent for family units and approximately 33% rent geared to income and 67% LEM for senior units. Although there are programs to allow providers to increase the percentage of RGI units in a project, this is at the expense of construction of new units, due to funding limitations.

An estimated 600 family units could be made available immediately, without any construction, if the percentage of RGI units (core and non-core need) in pre-1986 buildings were increased from 25% to 50%, allowing households who most need it access to subsidized housing, rather than households who could make it on the private market. Additional RGI senior units would also become available. The Task Force recommendation is for an increase in percentage of RGI units to as high as 100%, although the projects with higher percentages of assisted units should be smaller, while those projects with lower percentage of RGI units can be larger in scale. Related to this, the Task Force recommends that the Province also be requested to adjust the Maximum Unit Prices to make smaller scale affordable housing projects viable.

Difficulties associated with a change to the RGI percentages is that such a change would not increase the total number of rental units on the market, and could actually decrease the number of moderately priced private market rental units. Without the attention to project size as a criterion in percentage allotment, changes could affect integration and mix of low income households in some existing projects and could ghettoize certain projects as a result. Changes in RGI percentages could also affect repayment structures or mortgages held by non-profit. It should be recognized too that some Municipalities got into non-profit housing as a result of the low core need requirement (25%).

Advantages to the increase in percentages are evident as well, however. Providers could determine whether additional rent geared to income units were to serve households in deep core, shallow core or shallow non-core. If the suggested percentages were adhered to, the ratio of LEM units to rent geared to income units in older projects would be similar to new projects. An increase in allowed percentages would provide more flexibility to providers who wish to increase the number of rent geared to income tenants in a project in order to accommodate changing circumstance which may afflict existing tenants.

Promotion of 'Resident Pay' Units

Various forms of 'resident pay' models can be used to initiate non-profit housing start-up with little or no government assistance. These programs are most commonly targeted to seniors who may have some equity to invest. The Task Force recommends that the Province be requested to encourage such innovative tenure and equity options through the provision of programs and financial mechanisms.

The suggestion offered at the Think Tank on How to Capitalize the Non-Profit Sector, sponsored by the Ontario Non-Profit Housing Association and the Cooperative Housing Federation of Ontario, is that resident-funded projects should receive an initial display of government assistance in the form of subsidized land or mortgage guarantee. Thereafter, they will be able to operate without government assistance.

Example Programs:

- In Vancouver, resident-funded cooperatives operate on an ongoing basis with no government financing. When residents leave the coop, they receive their initial equity plus the principle portion of the mortgage paid while they resided in the unit.
- As part of its efforts to encourage Resident Pay set-ups, Toronto is developing a Guaranteed Equity Housing Concept. The purposes of the project are:
  - affordable housing without government assistance;
  - housing to remain and even become more affordable;
  - eliminate windfall profits and speculation;
  - allow some equity return on investment;
  - allow full security of tenure; and,
  - free up under-utilized housing stock.

The advantage of such resident pay set-ups is that they allow individuals with some equity to find suitable housing, and they ensure affordable housing for subsequent residents as well. This method cannot initially help low income individuals, but with time units become affordable since the equity is not indexed.

Additional background on non-profit equity units is provided in the "Offering Assistance: Extended Background Paper".

Providing More Readily Available Loan Guarantees

The request of Federal and Provincial governments to provide more readily available loan guarantees complements the recommendations for Regional assistance to non-profit and cooperative housing providers in their efforts to access land. Often, lack of loan guarantee is a barrier to obtaining land. Just as the Task Force recommends that the Region sometimes provide loan guarantees, it also suggests that Provincial and Federal guarantees would likewise serve to remove this barrier to land acquisition.

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THE PRIVATE SECTOR

Again, several methods exist at the Regional level to aid in ensuring that land is available, it is accessible, and that construction of affordable housing actually takes place within the private sector:

i. Use of Incentives and Disincentives

Land Leases as Incentive

Housing can be made more affordable if households are required to purchase the building only, while land is leased. Private sector developers have utilized this method of financing as a way to lower the downpayment required to purchase a unit, attracting buyers and thereby stimulating affordable housing construction. If this method were used in the sale of affordable units, it could provide the opportunity for moderate income, first time home buyers to acquire housing with a reduced downpayment, and while such a method does not directly compel developers to build, it could nevertheless act as an incentive for private sector provision of an affordable product. In an extended version of this idea, land trusts could be set up to ensure that land remains leased and renders the houses on it "affordable" in perpetuity.

Innovative Ownership and Tenure Options as Incentives

One way of making new housing development more attractive and affordable to prospective buyers is to offer unique home ownership options, like rent-to-own. Using such techniques could increase the number of prospective buyers, simultaneously stimulating demand for the construction of affordable units. In this sense, innovative home ownership options could serve as an incentive for private sector provision of an affordable housing product. A more extensive discussion of the rent-to-own concept is found in the "Offering Assistance: Extended Background Paper".

* *

Provincial and Federal initiatives to provide further incentives/disincentives for private construction of affordable housing, and to complement the series of recommendations just outlined for the Region, include the following:

Programs to Enable and Assist Construction

The Task Force recommends that the Federal Government be requested to increase its involvement in the provision of affordable housing, including the creation of programs to assist with the construction of private rental accommodation and that, in conjunction with this, both the Provincial and Federal Governments be requested to consider the following ideas to facilitate private affordable construction:

Affordable Housing Bonds

There are few readily identifiable vehicles available for private sector investment in affordable housing. Bonds that would direct private investment towards the development of affordable housing could potentially bolster the supply of affordable housing, as well as encouraging community (even individual) involvement in affordable housing issues.

One version of this kind of investment currently being tried in the United States, is the 'linked deposit', where certain deposits in a financial institution are made on the condition that the institution subsequently loans funds to affordable housing projects. In New York, for example, one proposed plan calls for the New York State AFL-CIO pension fund to buy $20 million to $25 million in certificates of deposit at local banks. In exchange, the banks are expected to make lower rate loans to the Brooklyn Ecumenical Cooperative, a collection of religious organizations dedicated to rehabilitate 8,000 rental units over a 5 year period. In Canada, there are no single bonds devoted to affordable housing.

A difficulty with this scheme is that financial institutions may express reticence at an as-yet untried idea. Also, in terms of 'linked deposits', banks in Canada are not so locally oriented; it may be hard to convince a national bank to direct funds to a specific project. A final difficulty is that the bonds appeal on the basis of social conscience, but there is no real financial incentive (unless a tax incentive is created) for their purchase. They could perhaps gain financial appeal if the difference in rate of return (compared with normal rate) could be tax deductible as a "charitable donation". This, however, would require changes to tax legislation. The structure for the issuance of bonds would be an administrative consideration of some significance.

Importantly though, there is evidence of interest in the general idea of more 'directed' investment through things like affordable housing bonds. Marc de Sousa-Shields, coordinator of the Social Investment Organization in Toronto (an investment firm specializing in socially and ethically 'aware' investments) says there are a number of social investment funds set up for helping housing projects (mainly cooperatives) with cash flow problems. The very focus of a firm like the Social Investment Organization suggests there is a pool of investors who do wish to direct their funds towards specific ends, and this appears promising in terms of potential investment vehicles for the affordable housing market.

Tax incentive

A tax incentive to home owners wishing to add an affordable unit to their home could serve as impetus to encourage such additions.

Loan insurance

CMHC provides loan insurance to developers of rental housing, with conditions varying according to program sponsorship. This insurance serves to make the search for financing less difficult for those who are eligible. Any non-profits receiving subsidies, including Project 3000 and Project 3600 developments, receive loan insurance for 100% of cost. However, non-profits not sponsored under a Federal or Provincial Program cannot obtain loan insurance (eg. facilities constructed through Ministry of Health programs). Private rental developers can receive mortgage insurance to a maximum 85% of value. The Task Force recommends that CMHC expand insurance coverage for non-profits not currently sponsored under Federal or Provincial programs, and for private developers of affordable housing.

Index Linked Mortgages

Index linked mortgages secure the real rate of interest and an inflation factor adjusted annually. The real rate of interest is the interest financial institutions are realizing after inflation and risk, but does not include an "unanticipated risk" factor usually included in the interest rate charged in the market. Index linked mortgages are currently available only to cooperatives sponsored under the Federal Cooperative Housing Program. They are attractive because they make an initial investment more manageable for developers of affordable housing. They are as yet untested on a long-term, wide-ranging basis, and therefore financial institutions may be reticent at their expanded use.

Index Linked Mortgages have been a 5 year project, and they are currently under review. An announcement from Cabinet is forthcoming about whether they will be maintained, revised, or terminated.

Mortgage Backed Securities

A Mortgage Backed Security (MBS) consists of an undivided interest in a pool of residential, NHA-insured, first mortgages. Timely payment (approx. 0.60% higher than other Canadian bonds) is guaranteed to investors by CMHC. Rates on mortgages are up to 0.50% lower.

These MBS's have been offered through CMHC for 3 years, and they have been slowly gaining in popularity. They were recently advocated as an attractive method for generating mortgage funds for affordable housing by the Think Tank on How to Capitalize the Non-Profit Sector. They create an active and liquid secondary mortgage market. They can lower mortgage interest rates, thereby increasing accessibility and affordability for potential affordable housing providers, as well as involving more people in investment in residential mortgages. The Securities can be cashed in. Currently, many assisted housing/social housing projects get financed this way. Finally, the Program has improved over time: now, for example, shorter term mortgages can also enter the pool.

Difficulties associated with the MBS program are several: they are not yet a common investment vehicle; they are not broadly accepted by the banking community (they are accepted by trust companies more often), and they are therefore not broadly available; finally, mortgages have to be NHA-insured to be eligible.

A "Green Tax" as an Incentive for Sustainable and Affordable Development

The Task Force recommends that the Provincial Government be requested to allow municipalities to charge a "Green Tax" on housing units of a certain lot or unit size or selling price based on proportionate service costs. Such levies would then be used for affordable housing purposes. A special study may be required to quantify the costs of servicing large developments versus affordable developments and the cost of servicing lower density versus higher density development.

The Development Charges Act, 1989 states that: "A municipality may impose, with respect to each use of land, buildings or structures designed in a development charge by-law, only those growth-related net capital costs attributed to that use." By extension of that principle, the Task Force recommends that Provincial authority be given to quantify development charges proportionately, based on the higher service costs for larger unit or lot size development, and the fact that these developments are not as "sustainable" as smaller, more land and service efficient units. The Task Force recommends that a request be made to the Provincial Government to categorize the higher development charges in these particular instances as a "Green Tax". This would serve as a reminder to developers that there is an extra cost associated with larger units, both in the charges they must pay, but more importantly in the demand these units make on land space and servicing. The "Green Tax" would serve as an incentive for builders to create smaller, more sustainable units, since such a tax would not be applied to these units.

* *

ii. 25% Affordable Housing in All Developments

Working with Developers in Achieving 25% Affordable Housing

Here, the Task Force recommends how private sector development may be used as a means to ensure that affordable housing targets (outlined in Task Force policy recommendations and in the "Setting the Policy Environment: Extended Background Paper" in this series) can be met.

Articulating the Region's Housing Needs To Developers

The Task Force recommends that the Region, through the Planning and Development Department, encourage private developers to engage in affordable housing as part of their development efforts. In particular, through its control of the subdivision and condominium approval process the Region is in the best position to encourage developers to take different approaches to building new housing so that the full range of market demand and need is addressed.

Changing the Application Procedure to Include Identification of How the 25% Affordable Housing Goal is Met

Altering the application procedure for all new subdivisions and condominiums, so that it requires identification of how a proposal meets the Region's 25% affordable housing goal (as defined in recommendation 1.1), could focus developers' attention on affordable housing, hopefully giving encouragement to its actual construction.

* *

A **Provincial initiative** to complement this Regional effort to meet housing targets through work with developers could consist of the following:

Implementing 25% Affordable Housing in New Residential Developments

The Task Force recommends that the Provincial Government be requested to support the idea that if a developer's proposal for new residential development does not fit with Regional affordable housing objectives, the applicant should be required to offer for sale at fair market value a building site to either a non-profit housing corporation or to a revolving fund maintained by the Region (see discussion earlier in this paper), or cash in lieu of such a site, for the purpose of supporting the development of affordable housing.

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ASSISTANCE TO BOTH NON-PROFIT/COOPERATIVE AND PRIVATE SECTORS

Joint Ventures

General Background:

Joint ventures are another method to enable and encourage both non-profit/cooperative and private developers to begin affordable housing construction. Joint ventures can directly assist would-be affordable housing builders in the start-up stage.

Joint ventures recognize that neither the private or public sector operating alone is capable of addressing the full range of housing need. Many affordable housing objectives will not be achieved without a public-private partnership of resources and expertise.

A program of this type would involve the Region directly in negotiating agreements, financial packaging, equity contributions, property management and ownership. Both the Region and the external participants would share in the risk and benefits of the real estate project.

Involvement in joint ventures would allow the Region to: provide more affordable housing; expand the opportunities and choice of housing needed to address gaps not met by either the private market or assisted housing programs; achieve other public goals such as community revitalization; possibly generate revenue that can be invested in other housing initiatives; promote the positive aspects of public-private partnerships; develop alternative approaches to the delivery of housing; and provide a mechanism for implementing the Province's 25% affordable housing objective.

There is some risk associated with joint ventures, in that the Municipality involved must be careful to avoid bonusing and providing unfair advantage to the private partner in the joint venture. A report prepared in 1989 for the Region ("An Evaluation of the Applicability of Regional/Private Sector Joint Ventures to the Regional Municipality of Hamilton-Wentworth" by David P. Amborski and Associates, 1989) reviewed the legal foundations for joint venturing. The review concluded that the most appropriate legal mechanisms are by contract or long term lease. Either document may provide for the distribution of burdens and benefits. Either can be founded upon express statutory authority and must ensure protection of the public interest. The report stresses that the objectives of the municipality and the developer must be based upon sound assumptions and research, that the components of the business and legal relationship must be protected, that the Region must develop a project team capable of preparing, promoting and implementing the agreement, that certain necessary statutory conditions must be met, and that public policy objectives must be adhered to.

Providing up-front assistance to non-profit housing corporations or developers demonstrating a unique approach to affordable housing and calling for proposals for the development of Regional land are specific examples of how the Region could engage in joint ventures with the private sector. However, other possibilities exist, such as:

- servicing of land in exchange for dedication of a certain percentage of land to the municipality;
- co-operative marketing efforts;
- shared management of developments between Region and private sector; and
- combination servicing/management joint ventures.

Example Programs:

- The following description of the Joint Venture initiative in Ottawa is quoted directly from the book "The Municipal Role in the Supply and Maintenance of Low Cost Housing: A Review of Canadian Initiatives" by J. David Hulchanski et.al. It illustrates a broad municipal approach to joint venturing with the private and/or non-profit sector for the purposes of encouraging affordable housing.

  "The Joint Ventures initiative involves the establishment of a partnership between the City and external participant(s) usually in the form of a legally binding agreement associated with a real estate development project. Joint ventures refer to direct proactive City involvement in terms of negotiating agreements, financial packaging, equity contributions, property management and ownership. Both the City and the external participant(s) share in the risks and benefits of a real estate project."

  "The resources and leverages that can be "packaged" into a joint venture will vary from project to project. The package may consist of land, innovative financing, existing government programs, municipal servicing, construction and project management or planning incentives and approvals. Opportunities and constraints of joint ventures consist of prevailing market conditions and financial constraints, site and location restrictions, planning regulations and specific goals of the City/external participants."

  "The joint venture and related affordable housing objectives have been incorporated into the Province/City Housing Agreement (approved by City Council on May 20, 1988) which requires an equal cost-sharing in equity contributions to projects subject to appropriate approvals. The City and the Ministry of Housing will make financial contributions to joint ventures with the private sector and/or non-profit and cooperative housing groups for affordable housing. Specific expenditures will be determined on a project-by-project basis."

"...the Department of Housing and Property (is authorized) to negotiate joint ventures with the private sector to provide affordable housing through innovative financial mechanisms. Joint ventures can be suitable for complex projects that require public involvement and resources to lever or to attract private investment and that target a particular need or policy objective."

"The fundamental principle underlying a joint venture is that a public or policy goal related to increasing the affordable housing supply would not be achieved without a public-private partnership of resources and expertise or would be obtained, but at higher costs. A joint venture can provide the mechanism for bridging the gap between economic and market rents. From the developer's perspective, a joint venture may reduce risks or increase development opportunities."

- In a specific example of a public sector/private sector joint venture, the Housing Advocacy Division of the Ministry of Housing recently provided up-front monies for soil tests and certain other expenses to a Non-Profit Housing Corporation, Sylvia Goldblatt and Associates in Ottawa. The Non-Profit was developing a project where senior citizens participated in co-ownership of units.
- To make homes more affordable, they could be sold at below market value by a charitable or non-profit group or through joint ventures between the public and private sector.

A Revolving Fund of $.5 Million for Joint Ventures

To enable various joint venture opportunities, the Task Force recommends that the Region establish a revolving fund of $.5 million for the purpose of assisting private and non-profit housing providers and community groups in implementing unique design, equity, sweat equity, financing, planning or management techniques for affordable housing. This would open the door to a wide range of Regional initiatives with respect to affordable housing, as well as provide a base from which the Region could encourage private sector construction of affordable housing.

Factors for consideration in the pursuit of joint ventures are that administrative and legal costs may be high and developers/landowners may come to expect Regional participation (financial, servicing, marketing or management assistance). As the Task Force recommendation indicates, the Region would need to establish criteria to be used to determine which projects are eligible for funding and the value of the grant provided. In all joint venture projects, there would be a clear set of legal responsibilities established between participants, and it would be ensured that the contract does not provide "unfair" benefits to development; that is, any benefits to the developer must also be related to the furthering of Regional objectives.

Specific Example of a Joint Venture: Regional Second Mortgages

Joint ventures between the public and private sector could take a number of forms. Development agreements that provide the government with a second mortgage on homes that the developer agrees to sell at below market cost could provide an opportunity for certain households to acquire housing at below market costs and provide a mechanism by which the government could ensure that the housing in question remains affordable into the future. The Task Force suggests this initiative could be undertaken by the proposed Regional Housing Commission (Recommendation 6.1), using public information from the Planning and Development Department. Newmarket has used the second mortgage mechanism as a means to provide affordable ownership housing in new development. The Province has also entered into a joint venture with private developers in the Heritage Green Area in Stoney Creek to provide houses at below market value.

The advantage of a Regional second mortgage program is that units could be targeted to households of particular incomes, and resale agreements could ensure units remain affordable for a given period of time. Difficulties include ensuring that conditions of resale, etc. would be fair across households, and preventing someone, at some point, from achieving windfall gain. Further, not all households would have the opportunity to benefit from capital gains. Finally, a group or agency might be required to assume the management of the units.

* *

Finally, as a last look at methods to enable and encourage the non-profit/cooperative and private construction of affordable housing, the Task Force makes one overall recommendation to the **Province** that would complement all of the above recommendations in this category:

A Regional-Area Municipal-Provincial Agreement

The Regional-Area Municipal-Provincial Agreement recommended by the Task Force would address a number of issues raised in the recommendations and background in this "Ready to Build" category, including joint venture efforts, the set-up and administration of a revolving fund, and details about assisted housing in the Region. The premise for such an Agreement is that it would represent specific Provincial recognition of the Region's efforts to address its own affordable housing needs. The Province would forge a partnership with the Region, citing specific Provincial responsibilities therein, but it would also devolve some responsibility to the Region. The Task Force suggests that non-profit providers should also be involved in the negotiation of such an agreement.

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A RECOMMENDED VEHICLE FOR REGIONAL INVOLVEMENT IN HOUSING:

EXTENDED BACKGROUND PAPER

A RECOMMENDED VEHICLE FOR REGIONAL INVOLVEMENT IN HOUSING:

EXTENDED BACKGROUND PAPER

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A RECOMMENDED VEHICLE FOR REGIONAL INVOLVEMENT IN HOUSING:

EXTENDED BACKGROUND PAPER

The Task Force recommends the creation of a Regional Housing Commission as a vehicle for Regional involvement in housing. The development of an implementation plan for this Commission should be the responsibility of the Commissioner of Planning and Development in conjunction with the Commissioner of Social Services, other relevant departments, and members of the Chairman's Task Force on Affordable Housing. The report developed by this group should be presented for consideration by Regional Council in six months. The implementation plan should address organizational, composition, and financial considerations. It should also consider the role of the Commission, which could include, but not be limited to, the following major activities:

To Operate as an Administrative/Delivery Mechanism

To Administer the Revolving Fund (Recommendations 5.4 and 5.5) and the Joint Venture Fund (Recommendation 5.9)

The Commission could serve as administrative vehicle for both the revolving fund and joint venture fund recommended by the Task Force.

To Develop a Delivery Mechanism to Assist in Community-Based Rehabilitation and Maintenance

To facilitate and complement a community-based approach to neighbourhood revitalization (see the "Offering Assistance: Extended Background Paper" for more detail on this subject area), an appropriate Regional delivery mechanism is required.

To Serve as a Centre for the Study of Innovative Ideas in Housing and to Analyze and Seek Solutions to Housing Needs in Hamilton-Wentworth

The Commission could seek to undertake the following activities to promote and study innovation in housing:

To Sponsor Design Competitions

To Research Novel Ideas

To Investigate Other Community Housing Needs and Possible Solutions (These Could Include the Consideration of the Formation of a Regional Non-Profit Housing Corporation)

The Commission could serve as a research/study centre. One of the ideas it might choose to consider investigating is the concept of a Regional Non-Profit Housing Corporation. The Task Force research into this area is found in the Task Force "Regional Role in the Provision of Affordable Housing" Discussion Paper, available upon request.

To Review All Public Input Received by the Chairman's Task Force on Affordable Housing

To Provide Facilitative/Technical and Coordinating Services

The Commission could provide direct Regional assistance in the form of facilitative or technical services. The Task Force believes such assistance is essential if groups in the Region are to be able to approach affordable housing with a maximum of preparedness and with readiness for some of the particular problems that may be encountered. Services could include, but not be limited to, the following:

To Provide Assistance to Individuals and Groups at Different Stages in the Development Process

There are a number of community organizations in Hamilton-Wentworth who may have a desire to become involved in the provision of low cost housing but are unsure how to begin. The provision of a facilitative/technical service would help these organizations get started.

Example programs:

- The City of Ottawa provides within the staffing of its Social Housing Branch one full-time permanent staff position which has as its focus the support of community-based, non-profit housing organizations. The primary role of this Third Sector Liaison Officer is to provide assistance and support to groups wishing to develop non-profit housing.
- The Regional Municipality of Ottawa-Carleton operates a comprehensive housing information resource centre and referral service. The primary objective is to provide consumers with direct access to assistance and information about housing in the Region. Secondary objectives are to increase public awareness of social and private housing resources; to streamline and simplify the public's access to social housing; and to collaborate with community-based groups regarding the delivery of affordable housing and housing-related information services.
- The Housing Help Centre in Hamilton-Wentworth operates as an information and referral service. Specific programs include: maintaining a registry of available vacant rental units; assistance to individuals seeking housing; provision of landlord/tenant information; assistance in applying for social housing; referrals to support service agencies; community outreach programs; and research and advocacy on housing issues.

To Generally Coordinate and Assist Providers of Non-Profit Housing

To Develop Collaborative Arrangements with Support Service Agencies

To Provide Assistance to Tenants

The Task Force believes that a very specific form of assistance should be offered by the Region in order to encourage tenant participation and better involve tenants in all aspects of their housing environment. A very specialized form of community involvement, the focus on tenants recognizes this large group of Regional residents who have special concerns as renters. The Task Force suggests that the Region has a new and direct role to play in assisting tenant groups that may want to organize and in encouraging non-profit organizations to increase tenant participation.

Tenant participation in its most basic form can be defined as an interaction between two groups, management (decision makers) and tenants (the recipients of those decisions). Regional assistance to tenants could include, but not be limited to, the following:

i. Assistance to Tenant Groups:
On a broad level, the Task Force recommends that the Region assist any tenant groups that may want to organize, by playing an assisting role, by creating opportunities for tenants to express their views and to take part in the decision-making process in a manner they themselves have identified, and sharing information with tenants in a clear and consistent manner.

ii. Encouraging Non-Profits to Increase Tenant Participation:
More specifically, the Region can encourage all non-profit organizations to increase tenant participation. Tenant participation in non-profit housing can take a variety of forms, from planting flowers to complete tenant self-management of housing projects. All forms of tenant participation must take into account the present and future size of the particular non-profit project involved, as well as the needs of the whole project. Tenant participation seeks to provide options to tenants to become decision-makers in their environments.

There are many social and economic advantages to tenants and to management when they interact in making decisions. As tenants take greater responsibility for solving problems themselves, the strain on management resources needed for intervention should be reduced. If tenants feel greater responsibility for (and commitment to) their housing project, there should be fewer costs to the organization for maintaining the property. There may also be lower costs due to less frequent turnover of units and less frequent repairs. Peoples' lives can be enhanced through the greater sense of community that can result, and through the range of low-cost programs that could be possible through greater tenant involvement. This could be particularly important to groups like single parents, limited income families, the isolated or the disabled.

Tenants can also learn skills through their involvement that they can apply to a range of experiences and that can, potentially, give them a greater sense of efficacy and control over their lives. Further, a suggestion like involving both representatives of the local neighbourhood and tenants in the design of new housing projects serves two functions. It potentially decreases the opposition to non-profit housing within neighbourhoods. And it potentially improves the design of units by tapping into the first-hand knowledge of those living in existing non-profit housing.

Tenant participation is a process that takes commitment and resources. Often, there are barriers that must be removed to foster such participation: language or literacy, ignorance of rights, isolation, fear of eviction, limited housing options, and the logistical problems of being available to participate.

The following are six possible models of tenant participation in non-profits, ranging from an extensive model of participation (tenant self-management) to a less extensive model (tenant requests). The models are not, it should be noted, mutually exclusive. Non-profits in the Region all involve tenants at some level, and many involve tenants at a variety of levels, reflecting a number of these models.

Tenant Self-Management: The Tenant Organization is paid to manage the housing project, replacing the management corporation. A tenant organization could hire someone to manage the project.

Partnerships: Tenant associations are represented on the Board or there is a Standing Tenant Advisory Committee of the Board.

Specific Involvement: Tenant Organizations are involved in a range of activities within the project (social events, concerns over parking, cooperative ventures such as child care). In this model, tenants could be involved in the design of new housing projects. Tenant organizations make ad hoc representations to the Board.

Ad Hoc Consultation: Groups of tenants are brought together, as needed, to identify and resolve problems in their project.

Informing: Tenants are informed of what has been done on their behalf through, for example, a tenant newsletter.

Responding to Tenant Requests: Tenants' concerns are dealt with in response to individual requests.

To Provide a Central Public Information Service

The Task Force suggests that the Region, further to enabling a process of community development, has a role to play in providing information to the public about affordable housing issues. Information the Region could make available could include, but not be limited to, the following:

Information About Conversion; More General Information About Intensification

In particular, the volatile issue of intensification warrants Regional attention. The Task Force suggests that the Region could play a direct role in decreasing negative sentiment about conversion, infill or redevelopment projects by promoting such projects, and by providing information to address people's concerns. Given the fact that Hamilton-Wentworth suffers from a lack of low cost rental units, residential intensification, in particular home conversion is one method of increasing the supply of low cost rental units. The ready availability of information should lead to the creation of less illegal units, and this change alone could make the prospect of intensification less worrisome to affected neighbourhoods.

Currently, many conversions are illegal because of the difficulty in dealing with the confusing array of regulations that must be followed when building an accessory apartment and the high cost of construction for the private home owner. Earlier Task Force recommendations and discussion have suggested ideas for changing the regulatory environment to make legal conversions more manageable, but the provision of an information and advisory service to help home owners through the regulatory maze should also help increase the supply of legal conversions, as well as help the home owner access provincial grants and loans to build the conversion.

A potential funding source for such a service is through the Province, which will provide up to $30,000 to municipalities in order to assist in setting up a Home Planning Advisory Office. The municipality must match any funding with money of its own, on a one-to-one basis.

Example program:

o The City of Toronto operates through its Housing Department a Home Planning Advisory Service which offers information and advice to home owners interested in creating an accessory apartment. They provide information on local zoning by-laws, building code requirements, health and fire regulations, design ideas, the Committee of Adjustment, landlord and tenant relationships, financing, taxes, insurance, applying for building permits, and information on acquiring government financing through programs such as Convert-to-Rent.

Information About Investment Opportunities in Affordable Housing

Through the supply of public information, the Region could also promote innovative ideas about affordable housing (many of which are strongly community-based), including but not limited to the following:

i. Pension Fund Investment in Affordable Housing
Pension funds could be tapped to develop affordable housing. This source is of particular interest in light of the aging of the Canadian population, a trend that will produce growing pools of financial assets in these "forced savings". The Province of Ontario used $3 billion in pension funds to establish the 'Homes Now' program. Currently, a project to construct waterfront condominiums to sell for $175,000 for a 1,000 square foot unit in Stoney Creek is using part of the $350 million in the Labourers Pension Fund of Central and Eastern Canada. Interestingly, projects can sometimes actually allows members of a particular pension plan to gain work through involvement in a construction project. This is the case in Stoney Creek, for example, where the pension fund owners are also general labourers, carpenters, and craftsmen in the construction industry, and are working on the investment project themselves.

There are several ongoing efforts to promote this option. The Canadian Labour Congress is providing a mechanism for trustees in pension funds to become more informed. The Cooperative Housing Federation, in conjunction with CMHC, has recently met with a group of pension trustees in Toronto to discuss the benefits of investing in affordable housing. These benefits included things such as a guaranteed rate of return and the fact that such investment can be a valuable response to community needs and the needs of workers.

The 'Labourhood ' project sponsored by the Social Planning and Research Council of Hamilton and District is another mechanism designed to inform unions about how they can build an affordable community. Project workers attend union local meetings, and make presentations to the union members about affordable housing issues. In particular, they emphasize that affordable housing is a concern not just for families or individuals with very low (or no) incomes, but for members and members' families as well: wages of $12 per hour, for example, often simply do not adequately cover housing costs. The response of unions has ranged from requests for further information, to including the notion of pension fund investment in affordable housing as a bargaining tool, to the union's active involvement as an affordable housing developer (using pension funds as capital.) As an example of this last response, local 1005 is currently in the process of seeking approval for a non-profit housing venture. Certain Provincial legislation surrounding union pension funds could require attention if this option were to become widespread.

ii. Credit Union Investment in Affordable Housing
In Montreal, the Federation des caisses populaires Desjardins de Montreal et de l'Ouest du Quebec established a special $3 million fund to be used to develop non-profit housing. Local caisse populaires grant second mortgage loans of between 25 and 30 percent of the total cost of a non-profit project. The original development fund is reimbursed (through a second mortgage) during the refinancing of a project, which occurs between its tenth and fifteenth year at which point the property's market value should have increased greatly.

The Affordable Housing Action Association has been examining strategies to encourage reinvestment of credit union funds into affordable housing. They are currently piloting a demonstration project in Mississauga. 40 families, who are renting units at a cost equivalent to mortgage payments but who are unable to save a down payment, are being matched with Jetpower Credit Union (Mississauga). The local branch of the Credit Union will be the lender of a down payment, while the central office will finance the funds. The project is at the stage of negotiating for suitable land, and the estimate is that it will take 6 months to finalize the deal. The hope is that the project will provide a protocol for similar efforts.

iii. *Private Trust Funds*

> "A trust is a private, non-government organization , usually with charitable status to encourage donations....Trusts are supported through memberships and donations and by the volunteer involvement of their members. Most trusts are quick to take advantage of government grants too when they can get them, often through employment programs or matching funds for acquisitions. But they virtually always rely heavily on their membership, both for funds and for strong ties into the community they serve." (from a speech by Ron Reid, Bobolink Enterprises entitled Land Trusts in Ontario: Threat or Opportunity.)

In the United States, where large government cut-backs on housing expenditures have necessitated a more concerted community response, trust funds are widely used to finance construction of affordable housing. These funds often receive annual appropriations from the state legislature. Other sources of monies include: social investments from foundations, insurance companies and religious organizations; linkage programs in which fees are extracted from the for-profit development of real estate; contributions made by developers in return for special rights such as density bonuses; and condominium conversion fees.

One example of a trust fund is the Vermont Housing and Conservation Fund, which combines low cost housing and conservation components. The fund might buy a piece of land, develop a small corner as affordable housing to cover costs, and preserve the remainder as open space through a legal covenant obtained prior to resale. In Canada, a limited number of trust funds exist and these are primarily for conservation-related purposes.

Information About Innovative Home Ownership Options

The "Offering Assistance: Extended Background Paper" describes Regional and Federal/Provincial initiatives to encourage the development of community-based home ownership options, and to more generally make home ownership possible for a greater number of Regional households. Part of this effort to increase access to home ownership includes providing Regional households with access to innovative ideas on the subject.

To Perform an Advocacy Role

Finally, the Commission could take a leadership role, and serve as the Region's advocate in negotiations with other levels of government on housing issues. The Commission would provide the Region with a voice to make the specific (affordable and other) housing needs of Hamilton-Wentworth heard.

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